



General purpose financial statements

for the year ended 30 June 2023



Canterbury-Bankstown Council

General Purpose Financial Statements

for the year ended 30 June 2023

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Overview

Canterbury-Bankstown Council is constituted under the Local Government Act 1993 (NSW) and has its principal place of business at:

66-72 Rickard Road
Bankstown NSW 22000

A description of the nature of Council's operations and its principal activities are provided in Note B1-2.

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: www.cbcity.nsw.gov.au.

Canterbury-Bankstown Council

General Purpose Financial Statements

for the year ended 30 June 2023

Statement by Councillors and Management

Statement by Councillors and Management made pursuant to Section 413 (2c) of the *Local Government Act 1993* (NSW)

The attached general purpose financial statements have been prepared in accordance with:

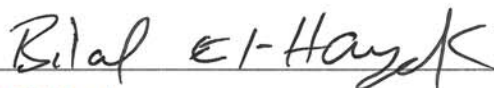
- the *Local Government Act 1993* and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

To the best of our knowledge and belief, these statements:

- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

We are not aware of any matter that would render these statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 24 October 2023.



Bilal El-Hayek

Mayor

24 October 2023



Rachelle Harika

Deputy Mayor

24 October 2023



Matthew Stewart

Chief Executive Officer

24 October 2023



Ken Manoski

Responsible Accounting Officer

24 October 2023

Canterbury-Bankstown Council

Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023 \$ '000		Notes	Actual 2023 \$ '000	Restated Actual 2022 \$ '000
Income from continuing operations				
273,996	Rates and annual charges	B2-1	271,557	257,566
19,118	User charges and fees	B2-2	20,490	18,661
14,338	Other revenues	B2-3	19,465	15,718
12,613	Grants and contributions provided for operating purposes	B2-4	39,923	28,540
25,543	Grants and contributions provided for capital purposes	B2-4	35,811	37,624
6,673	Interest and investment income	B2-5	12,306	6,155
5,130	Other income	B2-6	7,102	6,476
357,411	Total income from continuing operations		406,654	370,740
Expenses from continuing operations				
157,655	Employee benefits and on-costs	B3-1	155,535	139,414
116,132	Materials and services	B3-2	121,993	102,251
768	Borrowing costs	B3-3	494	83
77,892	Depreciation, amortisation and impairment of non-financial assets	B3-4	88,840	83,030
13,963	Other expenses	B3-5	11,534	11,203
–	Net loss from the disposal of assets	B4-1	7,680	10,576
366,410	Total expenses from continuing operations		386,076	346,557
(8,999)	Operating result from continuing operations		20,578	24,183
(8,999)	Net operating result for the year attributable to Council		20,578	24,183
(34,543)	Net operating result for the year before grants and contributions provided for capital purposes		(15,233)	(13,441)

The above Income Statement should be read in conjunction with the accompanying notes.

Canterbury-Bankstown Council

Statement of Comprehensive Income

for the year ended 30 June 2023

	Notes	2023 \$ '000	Restated 2022 \$ '000
Net operating result for the year – from Income Statement		20,578	24,183
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain/(loss) on revaluation of infrastructure, property, plant and equipment	C1-7	25,477	371,387
Total items which will not be reclassified subsequently to the operating result		25,477	371,387
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Gain/(loss) on revaluation of financial assets at fair value through other comprehensive income (other than equity instruments)		102	(469)
Total items which will be reclassified subsequently to the operating result when specific conditions are met		102	(469)
Total other comprehensive income for the year		25,579	370,918
Total comprehensive income for the year attributable to Council		46,157	395,101

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Canterbury-Bankstown Council

Statement of Financial Position

as at 30 June 2023

	Notes	2023 \$ '000	Restated 2022 \$ '000	Restated 1 July 2021 \$ '000
ASSETS				
Current assets				
Cash and cash equivalents	C1-1	52,278	65,756	64,567
Investments	C1-2	243,272	74,031	88,981
Receivables	C1-4	35,954	38,415	41,797
Inventories	C1-5	830	685	739
Contract assets	C1-6	2,253	3,121	1,569
Other	C1-10	4,546	4,897	5,181
Total current assets		339,133	186,905	202,834
Non-current assets				
Investments	C1-2	172,990	282,160	221,231
Receivables	C1-4	2,450	2,244	2,319
Infrastructure, property, plant and equipment (IPPE)	C1-7	3,974,599	3,969,480	3,612,246
Investment property	C1-8	8,513	7,935	7,750
Intangible assets	C1-9	2,363	486	432
Right of use assets	C2-1	41	64	—
Total non-current assets		4,160,956	4,262,369	3,843,978
Total assets		4,500,089	4,449,274	4,046,812
LIABILITIES				
Current liabilities				
Payables	C3-1	29,621	32,888	28,838
Contract liabilities	C3-2	12,200	12,891	6,240
Lease liabilities	C2-1	21	24	—
Employee benefit provisions	C3-4	48,780	49,943	53,068
Provisions	C3-5	2,588	2,124	2,676
Total current liabilities		93,210	97,870	90,822
Non-current liabilities				
Payables	C3-1	428	461	450
Contract liabilities	C3-2	213	282	—
Lease liabilities	C2-1	15	36	—
Employee benefit provisions	C3-4	1,167	—	—
Provisions	C3-5	31,001	22,727	22,743
Total non-current liabilities		32,824	23,506	23,193
Total liabilities		126,034	121,376	114,015
Net assets		4,374,055	4,327,898	3,932,797
EQUITY				
Accumulated surplus	C4-1	3,640,567	3,620,017	3,595,770
IPPE revaluation reserve	C4-1	733,358	707,881	336,494
Other reserves	C4-1	130	—	533
Council equity interest		4,374,055	4,327,898	3,932,797
Total equity		4,374,055	4,327,898	3,932,797

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Canterbury-Bankstown Council

Statement of Changes in Equity

for the year ended 30 June 2023

	Notes	2023				2022			
		Accumulated surplus	IPPE revaluation reserve	Financial assets at FVOCI	Total equity	Accumulated surplus	IPPE revaluation reserve	Financial assets at FVOCI	Total equity
		\$ '000	\$ '000	\$ '000	\$ '000	Restated \$ '000	Restated \$ '000	\$ '000	Restated \$ '000
Opening balance at 1 July		3,620,017	707,881	–	4,327,898	3,596,215	336,494	533	3,933,242
Correction of prior period errors	F4-1	–	–	–	–	(445)	–	–	(445)
Restated opening balance		3,620,017	707,881	–	4,327,898	3,595,770	336,494	533	3,932,797
Net operating result for the year		20,578	–	–	20,578	24,313	–	–	24,313
Correction of prior period errors	F4-1	–	–	–	–	(130)	–	–	(130)
Restated net operating result for the period		20,578	–	–	20,578	24,183	–	–	24,183
Other comprehensive income									
Gain/(loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	25,477	–	25,477	–	371,387	–	371,387
Gain/(loss) on revaluation of financial assets at fair value through other comprehensive income (other than equity instruments)		(28)	–	130	102	64	–	(533)	(469)
Other comprehensive income		(28)	25,477	130	25,579	64	371,387	(533)	370,918
Total comprehensive income		20,550	25,477	130	46,157	24,247	371,387	(533)	395,101
Closing balance at 30 June		3,640,567	733,358	130	4,374,055	3,620,017	707,881	–	4,327,898

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Canterbury-Bankstown Council

Statement of Cash Flows

for the year ended 30 June 2023

Original unaudited budget 2023 \$ '000		Notes	Actual 2023 \$ '000	Actual 2022 \$ '000
Cash flows from operating activities				
Receipts:				
273,996	Rates and annual charges		269,812	257,502
19,118	User charges and fees		22,891	29,755
6,673	Interest received		10,981	5,811
38,156	Grants and contributions		84,149	70,315
–	Bonds, deposits and retentions received		–	263
19,468	Other		20,846	16,197
Payments:				
(154,335)	Payments to employees		(160,702)	(144,463)
(116,132)	Payments for materials and services		(139,603)	(108,101)
(685)	Borrowing costs		(1)	(83)
–	Bonds, deposits and retentions refunded		(42)	–
(13,963)	Other		16,200	(26)
72,296	Net cash flows from operating activities	G1-1	124,531	127,170
Cash flows from investing activities				
Receipts:				
–	Sale of investments		8,361	12,156
–	Redemption of term deposits		77,000	82,111
2,158	Proceeds from sale of IPPE		2,239	751
Payments:				
–	Purchase of investments		(11,328)	(33,563)
–	Acquisition of term deposits		(134,000)	(107,186)
(100,001)	Payments for IPPE		(78,222)	(80,013)
–	Purchase of intangible assets		(2,036)	(209)
(97,843)	Net cash flows from investing activities		(137,986)	(125,953)
Cash flows from financing activities				
Payments:				
42,226	Principal component of lease payments		(23)	(28)
42,226	Net cash flows from financing activities		(23)	(28)
16,679	Net change in cash and cash equivalents		(13,478)	1,189
47,888	Cash and cash equivalents at beginning of year		65,756	64,567
64,567	Cash and cash equivalents at end of year	C1-1	52,278	65,756
288,601	plus: Investments on hand at end of year	C1-2	416,262	356,191
353,168	Total cash, cash equivalents and investments		468,540	421,947

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Canterbury-Bankstown Council

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Canterbury-Bankstown Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 24 October 2023. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The principal accounting policies adopted in the preparation of these financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (Act)* and *Local Government (General) Regulation 2021 (Regulation)*, and the Local Government Code of Accounting Practice and Financial Reporting.

Council is a not for-profit entity.

The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain infrastructure, property, plant and equipment and investment property.

Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- i. fair values of investment properties – refer Note C1-8
- ii. fair values of infrastructure, property, plant and equipment – refer Note C1-7
- iii. tip remediation provisions – refer Note C3-5
- iv. employee benefit provisions – refer Note C3-4

Significant judgements in applying the Council's accounting policies

- i. Impairment of receivables – refer Note C1-4.
- ii. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 – B2-4.
- iii. Determination of the lease term, discount rate (when not implicit in the lease) and whether an arrangement contains a lease – refer to Note C2-1.

A1-1 Basis of preparation (continued)

Monies and other assets received by Council

The Consolidated Fund

In accordance with the provisions of Section 409(1) of the *Local Government Act 1993*, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

The Consolidated Fund has been included in the financial statements of the Council.

Cash and other assets of the following entities have been included as part of the Consolidated Fund:

- general purpose operations

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities that are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

Volunteer services

Council's most significant dependence on volunteer services occurs with its Meals on Wheels service. The aim of this service is to provide residents who are permanently, or in some cases temporarily, unable to cater for themselves and have no other reasonable or acceptable source of assistance.

Council's Meals on Wheels service has more than 80 dedicated and caring volunteers who support this service to deliver around 42,000 meals per year.

Council has not recognised these volunteer services in the financial statements as the service is not considered to be a core service for the Council. Council would be unlikely to provide this service without the assistance of the volunteers that carry out the service. The Meals on Wheels services in NSW are partially funded at a Federal Government level with councils often providing ancillary support services.

New accounting standards and interpretations issued but not yet effective

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (i.e. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2023 reporting period.

Council has elected not to apply any of these pronouncements in these financial statements before their operative dates.

Council's assessment of these new standards and interpretations (where they have been deemed as having a material impact on Council's future financial performance, financial position and cash flows) are set out below:

AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

This Standard modifies AASB 13 Fair Value Measurement for application by not-for-profit public sector entities such as Council.

It includes authoritative implementation guidance when fair valuing non-financial assets, not held primarily for their ability to generate cash inflows and also provides guidance and clarification when valuing assets that are restricted (in their use) at Council.

This includes guidance and clarification regarding the determination of an asset's highest and best use, the development and use of internal assumptions for unobservable inputs and allows for greater use of internal judgements when applying the cost approach in the measurement and determination of fair values.

Although Council is yet to fully determine the impact of this standard, the changes will be evaluated in the future assessment of all property and infrastructure assets measured at fair value.

A1-1 Basis of preparation (continued)

The standard applies prospectively to annual periods beginning on or after 1 January 2024, with earlier application permitted.

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates

This Standard amends a number of standards as follows:

- AASB 7 to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;
- AASB 101 to require entities to disclose their material accounting policy information rather than their significant accounting policies;
- AASB 108 to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates;
- AASB 134 to identify material accounting policy information as a component of a complete set of financial statements; and
- AASB Practice Statement 2 to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The standard may have significant impact on Council as it requires Council to consider the materiality of the accounting policy information to be included in the financial statements.

AASB 101 Presentation of Financial Statements requires the disclosure of material accounting policy information rather than significant accounting policies.

"Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements."

Accounting policy information is likely to be considered material if that information relates to material transactions, other events or conditions and:

- the entity has changed accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements.
- the entity (or OLG) chose the accounting policy from one or more options permitted by Australian Accounting Standards.
- the accounting policy was developed in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* in the absence of an Australian Accounting Standard that specifically applies.
- the accounting policy relate to an area for which an entity is required to make significant judgements or assumptions in applying an accounting policy, and the entity discloses those judgements or assumptions in the financial statements
- the accounting required for them is complex and users of the entity's financial statements would otherwise not understand those material transactions, other events or conditions.

Further AASB 101 notes that *'Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed.'*

This standard has an effective date for the 30 June 2024 reporting period.

Apart from the standards listed above there are no other released standards and interpretations (with future effective dates) that are expected to have a material impact on Council.

Council has elected not to apply any of these pronouncements in these financial statements before their operative dates.

B Financial Performance

B1 Functions or activities

B1-1 Functions or activities – income, expenses and assets

Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note B1-2.

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$ '000	Restated \$ '000	\$ '000	\$ '000	\$ '000	Restated \$ '000	\$ '000	\$ '000	\$ '000	Restated \$ '000
Functions or activities										
Safe and strong	10,060	9,169	20,362	18,529	(10,302)	(9,360)	5,544	6,422	43,235	45,869
Clean and green	86,085	84,114	88,894	80,955	(2,809)	3,159	11,363	2,889	25,822	21,950
Liveable and distinctive	38,021	32,195	32,529	30,640	5,492	1,555	3,535	4,810	–	–
Moving and integrated	22,091	19,096	81,369	69,056	(59,278)	(49,960)	21,558	21,799	2,574,300	2,582,337
Healthy and active	12,336	6,200	77,481	70,568	(65,145)	(64,368)	9,943	11,835	1,235,633	1,221,546
Prosperous and innovative	1,511	1,098	6,507	4,877	(4,996)	(3,779)	2,406	795	10,473	10,546
Leading and engaged	236,550	218,868	78,934	71,932	157,616	146,936	21,385	17,614	610,626	567,026
Total functions and activities	406,654	370,740	386,076	346,557	20,578	24,183	75,734	66,164	4,500,089	4,449,274

B1-2 Components of functions or activities

Details relating to the Council's functions or activities as reported in B1-1 are as follows:

Safe and Strong

Includes costs relating children's services and community services such as community facilities, aged and disability, youth development and Aboriginal and Torres Strait islander services.

Clean and Green

Includes cost relating to environment and sustainability, flood emergency and stormwater management and waste recycling and street cleaning.

Liveable and Distinctive

Includes costs relating to provision of development services, future planning and regulation and compliance services and the planning and provision of town centres.

Moving and Integrated

Includes costs relating to carparks, footpaths, roads, streetscape and traffic management.

Healthy and Active

Includes costs related to leisure and aquatics, libraries, parks and open spaces and sport and recreation.

Prosperous and Innovative

Includes costs relating to art and culture, events and economic development.

Leading and Engaged

Includes costs relating to community and engagement, customer experience and operational support, leadership and governance and property management.

B2 Sources of income

B2-1 Rates and annual charges

	2023 \$ '000	2022 \$ '000
Ordinary rates		
Residential	139,926	131,616
Business	52,247	46,916
Less: pensioner rebates (mandatory)	(3,808)	(3,784)
Rates levied to ratepayers	188,365	174,748
Pensioner rate subsidies received	1,673	2,200
Total ordinary rates	190,038	176,948
Special rates		
Town improvement	–	700
Rates levied to ratepayers	–	700
Total special rates	–	700
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	77,147	76,057
Stormwater management services	3,324	3,318
Waste management services (non-domestic)	1,678	1,657
Section 611 charges	215	222
Less: pensioner rebates (mandatory)	(1,799)	(1,886)
Annual charges levied	80,565	79,368
Pensioner annual charges subsidies received:		
– Domestic waste management	954	550
Total annual charges	81,519	79,918
Total rates and annual charges	271,557	257,566

Council has used 2022 year valuations provided by the NSW Valuer General in calculating its rates.

Accounting policy

Rates and annual charges are recognised as revenue at the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area that are not subsidised by the NSW Government.

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates and are recognised within the underlying revenue item based on their substance.

B2-2 User charges and fees

	2023 \$ '000	2022 \$ '000
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s608)		
Inspection services	829	895
Planning and building regulation	3,218	4,199
Registration fees	580	520
Regulatory fees	235	320
Section 10.7 certificates (EP&A Act)	750	736
Section 603 certificates	426	503
Total fees and charges – statutory/regulatory	6,038	7,173
(ii) Fees and charges – other (incl. general user charges (per s608))		
Child care	2,290	2,079
Restoration charges	3,781	4,439
Aquatic / fitness centre	6,254	3,525
Chargeable works	33	38
Ground/hall hire	1,571	879
Meals on wheels	279	278
Other	244	250
Total fees and charges – other	14,452	11,488
Total other user charges and fees	20,490	18,661
Total user charges and fees	20,490	18,661
Timing of revenue recognition for user charges and fees		
User charges and fees recognised over time (1)	10,185	7,162
User charges and fees recognised at a point in time (2)	10,305	11,499
Total user charges and fees	20,490	18,661

Accounting policy

Revenue arising from user charges and fees is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service. There is no material obligation for Council in relation to refunds or returns.

Where an upfront fee is charged, such as membership fees, the fee is recognised on a straight-line basis over the expected life of the membership.

Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than the term of the licence.

B2-3 Other revenues

	2023 \$ '000	2022 \$ '000
Ex gratia rates	1,048	941
Fines	12,774	9,732
Legal fees recovery – rates and charges (extra charges)	1,784	754
Legal fees recovery – other	66	377
Insurance claims recoveries	242	799
External income – other	1,084	592
External income – trade waste	1,331	1,285
Other	1,136	1,238
Total other revenue	19,465	15,718

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	1,745	1,285
Other revenue recognised at a point in time (2)	17,720	14,433
Total other revenue	19,465	15,718

Accounting policy for other revenue

Where the revenue is earned for the provision of specified goods / services under an enforceable contract, revenue is recognised when or as the obligations are satisfied.

Statutory fees and fines are recognised as revenue when the service has been provided, the payment is received or when the penalty has been applied, whichever occurs first.

Other revenue is recorded when the payment is due, the value of the payment is notified, or the payment is received, whichever occurs first.

B2-4 Grants and contributions

	Operating 2023 \$ '000	Operating 2022 \$ '000	Capital 2023 \$ '000	Capital 2022 \$ '000
General purpose grants and non-developer contributions (untied)				
Financial Assistance Grant ¹				
- Relating to current year	3,026	5,723	–	–
- Prepayment received in advance for subsequent year	12,635	8,798	–	–
Amount recognised as income during current year	15,661	14,521	–	–
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Child care	4,474	4,486	–	–
Employment and training programs	35	78	–	–
Recreation and culture	1,511	946	722	286
Health and safety	–	250	–	–
Storm/flood damage	–	–	1,962	701
Community related projects	629	439	–	–
Environmental improvement projects	1,256	1,641	(53)	770
Library – annual subsidy	1,079	1,008	–	–
Meals on wheels	471	464	–	–
Sport and recreation	61	61	5,880	3,102
Transport (3x3, flood works, roads to recovery)	–	–	21	1,699
Street lighting	1,078	1,064	–	–
Transport (other roads and bridges funding)	204	326	5,564	12,124
Transport for NSW contributions (regional roads, block grant)	11,269	1,350	2,647	3,722
Other contributions	741	1,070	608	1,784
Cooks River Alliance	381	396	–	–
Regional Illegal Dumping (RID)	1,073	440	–	–
Non-cash contributions				
Subdivision dedications (other than by s7.4 and s7.11 – EP&A Act, s64 of the LGA)	–	–	16	144
Total special purpose grants and non-developer contributions (tied)	24,262	14,019	17,367	24,332
Total grants and non-developer contributions	39,923	28,540	17,367	24,332
Comprising:				
– Commonwealth funding	20,109	15,395	7,842	13,890
– State funding	19,428	13,139	8,990	8,617
– Other funding	386	6	535	1,825
	39,923	28,540	17,367	24,332

(1) \$12.635M of the 2023-2024 Financial Assistance Grant from Commonwealth Government was received by Council in June 23 and hence reported as 2022-2023 income although it relates to 2023-2024 Financial year.

B2-4 Grants and contributions (continued)

Developer contributions

	Operating 2023 \$ '000	Operating 2022 \$ '000	Capital 2023 \$ '000	Capital 2022 \$ '000
Notes				
Developer contributions:				
(s7.4 and s7.11 - EP&A Act, s64 of the LGA):				
Cash contributions				
S 7.4 – contributions using planning agreements	–	–	1,915	–
S 7.11 – contributions towards amenities/services	–	–	16,529	13,292
Total developer contributions – cash	–	–	18,444	13,292
Total contributions	–	–	18,444	13,292
Total grants and contributions	39,923	28,540	35,811	37,624
Timing of revenue recognition for grants and contributions				
Grants and contributions recognised over time (1)	2,806	1,709	12,502	17,976
Grants and contributions recognised at a point in time (2)	37,117	26,831	23,309	19,648
Total grants and contributions	39,923	28,540	35,811	37,624

B2-4 Grants and contributions (continued)

Unspent grants and contributions

Certain grants and contributions are obtained by Council on the condition they be spent in a specified manner or in a future period but which are not yet spent in accordance with those conditions are as follows:

	Operating 2023 \$ '000	Operating 2022 \$ '000	Capital 2023 \$ '000	Capital 2022 \$ '000
Unspent funds at 1 July	12,238	9,360	138,160	133,511
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	21,285	10,534	22,881	16,182
Add: Funds received and not recognised as revenue in the current year	401	830	3,359	8,851
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(630)	(8,242)	(21,158)	(18,959)
Less: Funds received in prior year but revenue recognised and funds spent in current year	(10,565)	(244)	(2,895)	(1,425)
Unspent funds at 30 June	22,729	12,238	140,347	138,160

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

Grant and contribution revenue from an agreement which is enforceable and contains sufficiently specific performance obligations is recognised as or when control of each performance obligations is transferred.

The performance obligations vary according to the agreement but include specified events and specified program delivery. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Performance obligations may be satisfied either at a point in time or over time and this is reflected in the revenue recognition pattern. Point in time recognition occurs when the beneficiary obtains control of the goods / services at a single time (e.g. completion of the project when a report / outcome is provided), whereas over time recognition is where the control of the services is ongoing throughout the project (e.g. provision of community health services through the year).

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Capital grants

Capital grants received by Council under an enforceable contract for the acquisition or construction of infrastructure, property, plant and equipment to identified specifications which will be under Council's control on completion are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project.

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Council.

Developer contributions

Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of sections 7.4, 7.11 and 7.12 of the *Environmental Planning and Assessment Act 1979* (EP&A Act).

While Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon receipt by Council, due to the possibility that individual development consents may not be acted upon by the applicant and, accordingly, would not be payable to Council.

Developer contributions may only be expended for the purposes for which the contributions were required, but Council may apply contributions according to the priorities established in work schedules for the contribution plan.

B2-4 Grants and contributions (continued)

Other grants and contributions

Assets, including cash, received from other grants and contributions are recognised at fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

B2-5 Interest and investment income

	2023 \$ '000	2022 \$ '000
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	864	828
– Cash and investments	11,442	5,327
Total interest and investment income	12,306	6,155

Accounting policy

Interest income is recognised using the effective interest rate at the date that interest is earned.

B2-6 Other income

	Notes	2023 \$ '000	2022 Restated \$ '000
Fair value increment on investment properties			
Fair value increment on investment properties		578	185
Total fair value increment on investment properties	C1-8	578	185
Rental income			
Investment properties			
Lease income		339	314
Total Investment properties		339	314
Other lease income			
Leaseback fees - council vehicles		582	568
Property lease - room/facility hire		3,000	2,813
Property lease - car parking		225	108
Property lease - civic tower		1,859	1,996
Property lease - telecommunications		519	492
Total other lease income		6,185	5,977
Total rental income	C2-2	6,524	6,291
Total other income		7,102	6,476

B3 Costs of providing services

B3-1 Employee benefits and on-costs

	2023 \$ '000	2022 \$ '000
Salaries and wages	106,316	101,647
Employee termination costs	127	295
Employee leave entitlements (ELE)	17,164	12,605
Superannuation	12,691	11,685
Workers' compensation insurance	3,541	2,303
Fringe benefit tax (FBT)	264	259
Training costs (other than salaries and wages)	1,043	716
Contract / temporary staff	22,565	18,077
Other	995	2,523
Total employee costs	164,706	150,110
Less: capitalised costs	(9,171)	(10,696)
Total employee costs expensed	155,535	139,414

Accounting policy

Employee benefit expenses are recorded when the service has been provided by the employee.

All employees of the Council are entitled to benefits on retirement, disability or death. Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note D3-1 for more information.

B3-2 Materials and services

	Notes	2023 \$ '000	2022 \$ '000
Raw materials and consumables		8,973	6,815
Contractor and consultancy costs			
– Contractors		9,514	10,359
– Family day care		1,366	1,567
– Mechanical services		1,164	850
– Programmed/responsive maintenance		35,016	25,620
– Security services		1,621	1,531
– Tipping fees		27,688	23,861
Audit Fees	E2-1	262	349
Administrative costs: – agents commission		1,864	1,201
Administrative costs: – corporate memberships		243	194
Administrative costs: – other		947	776
Advertising and promotions		843	883
Bank charges		490	405
Catering		321	138
Collection costs		278	257
Computer software charges		1,710	1,671
Consultants		2,347	2,378
Councillor and Mayoral fees and associated expenses	E1-2	760	617
Election expenses		–	1,795
Equipment (minor)		455	411
Insurance		3,919	2,996
Plant and vehicle costs: – registration and CTP		687	675
Plant and vehicle costs: – fuel		3,072	2,762
Postage		591	569
Printing and stationery		380	405
Street lighting		4,645	4,237
Subscriptions and publications		978	749
Sydney South Planning Panel		13	17
Telephone and communications		854	914
Utilities: – electricity		2,202	1,868
Utilities: – gas		455	409
Utilities: – water charges		1,118	1,106
Valuation fees		656	581
Other expenses		241	155
Legal expenses:			
– Legal expenses: planning and development		697	324
– Legal expenses: rates and annual charges		1,818	1,380
– Legal expenses: employee		79	74
– Legal expenses: other		2,435	436
Expenses from leases of low value assets		664	376
Variable lease expense relating to usage	C2-1	627	540
Total materials and services		121,993	102,251

Accounting policy

Expenses are recorded on an accruals basis as the Council receives the goods or services.

B3-3 Borrowing costs

	Notes	2023 \$ '000	2022 \$ '000
(i) Interest bearing liability costs			
Interest on leases		1	3
Total interest bearing liability costs		1	3
Total interest bearing liability costs expensed		1	3
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	C3-5	493	80
Total other borrowing costs		493	80
Total borrowing costs expensed		494	83

Accounting policy

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed as incurred.

B3-4 Depreciation, amortisation and impairment of non-financial assets

	Notes	2023 \$ '000	2022 \$ '000
Depreciation and amortisation			
Plant and equipment	C1-7	6,881	6,621
Office equipment	C1-7	231	183
Furniture and fittings	C1-7	288	272
Infrastructure:			
– Buildings	C1-7	21,946	23,083
– Other structures		2,303	3,023
– Roads		30,638	26,012
– Bridges		800	792
– Footpaths		5,395	5,318
– Other road assets		783	823
– Stormwater drainage		8,168	7,063
– Other open space/recreational assets		7,765	6,286
Right of use assets	C2-1	22	24
Other assets:			
– Library books		1,369	1,041
– Information management – hardware		570	772
– Low value assets		48	2
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C3-5,C1-7	1,474	1,474
Intangible assets	C1-9	159	155
Total gross depreciation and amortisation costs		88,840	82,944
Total depreciation and amortisation costs		88,840	82,944
Impairment / revaluation decrement of IPPE			
Artworks	C1-7	–	86
Total gross IPPE impairment / revaluation decrement costs		–	86
Total IPPE impairment / revaluation decrement costs charged to Income Statement		–	86
Total depreciation, amortisation and impairment for non-financial assets		88,840	83,030

Accounting policy

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives.

Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are not tested for impairment since these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

Intangible assets not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other non-financial assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Impairment losses for revalued assets are firstly offset against the amount in the revaluation surplus for the class of asset, with only the excess to be recognised in the Income Statement.

B3-5 Other expenses

	Notes	2023 \$ '000	2022 \$ '000
Impairment of receivables			
Other		(24)	124
Total impairment of receivables	C1-4	(24)	124
Fair value decrement on investments			
Fair value decrement on investments through profit and loss		–	22
Total Fair value decrement on investments	C1-2	–	22
Other			
Contributions/levies to other levels of government			
– Department of planning levy		589	579
– Emergency services levy (includes FRNSW, SES, and RFS levies)		5,399	4,461
– EPA		3,689	4,018
– Work cover		281	370
Donations, contributions and assistance to other organisations (Section 356)		1,600	1,629
Total other		11,558	11,057
Total other expenses		11,534	11,203

Accounting policy

Other expenses are recorded on an accruals basis when Council has an obligation for the expenses.

Impairment expenses are recognised when identified.

B4 Gains or losses

B4-1 Gain or loss from the disposal, replacement and de-recognition of assets

	Notes	2023 \$ '000	2022 \$ '000
Gain (or loss) on disposal of infrastructure, property, plant and equipment			
Proceeds from disposal	C1-7	2,239	751
Less: carrying amount of assets sold		(9,921)	(11,315)
Gain (or loss) on disposal		(7,682)	(10,564)
Gain (or loss) on disposal of investments			
Proceeds from disposal/redemptions/maturities – investments	C1-2	8,361	12,092
Less: carrying amount of investments sold/redeemed/matured		(8,359)	(12,104)
Gain (or loss) on disposal		2	(12)
Gain (or loss) on disposal of term deposits			
Proceeds from disposal/redemptions/maturities – term deposits	C1-2	77,000	82,111
Less: carrying amount of term deposits sold/redeemed/matured		(77,000)	(82,111)
Gain (or loss) on disposal		–	–
Net gain (or loss) from disposal of assets		(7,680)	(10,576)

Accounting policy

Gains and losses on disposals are determined by comparing proceeds with carrying amount. The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer and the asset is de-recognised.

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 23 June 2022 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

While these General Purpose Financial Statements include the original budget adopted by Council, the Act requires Council to review its financial budget on a quarterly basis, so it is able to manage the variation between actuals and budget that invariably occur during the year.

Material variations of more than 10% between original budget and actual results or where the variance is considered material by nature are explained below.

Variation Key: **F** = Favourable budget variation, **U** = Unfavourable budget variation.

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
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Revenues

Rates and annual charges	273,996	271,557	(2,439)	(1)% U
User charges and fees	19,118	20,490	1,372	7% F
Other revenues	14,338	19,465	5,127	36% F

The variance in other revenues was a favourable 36% compared to the original budget. Council was conservative in setting its original budget and made adjustments to income forecasts during the year as part of its quarterly budget reviews. As a result there has been outperformance with a number of other revenues items including compliance parking \$2.8M, rates legal fees recoveries \$984k, street lighting national carbon bank account \$236K, community education and waste audit \$206K, Ramadan Nights Lakemba \$257K, abandoned vehicles income \$111K and BLAKC theatre and function room hire \$214K.

Operating grants and contributions	12,613	39,923	27,310	217% F
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Operating grants and contributions are only included in the original budget if they are known or have been approved at the time the original budget was resolved. Council successfully obtains additional operating grants and contributions during the financial year and report these to council and make adjustments to budget during the year through the quarterly budget reviews. Due to the recognition and timing of the Financial Assistance Grant payments received, a favourable variance of \$13.2m occurred during the year. Examples of additional grants received include Transport NSW Roads repair program 2022-23 \$10.2M, community events grants \$962k, operating contributions to cover projects under the safer cities and shared spaces Campsie programs \$679K, sustainability and environment protection grants \$1.3M and funding for officers regarding the Sydney Metro \$350K and West Invest \$366K projects.

Capital grants and contributions	25,543	35,811	10,268	40% F
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Capital grants are only included in the original budget if they are known or have been approved at the time the original budget was resolved. Council successfully obtains additional capital grants during the financial year and report these to council and make adjustments to budget during the year through the quarterly budget reviews. Examples of additional grants received include the Federal Stimulus funding for various Playground & Sportfield upgrades \$1.9M, Transport NSW grants \$2.7M, blackspot program \$1.0M, and an OLG Flood grant \$1.0M. Developer Contributions and Planning Agreements income were also above expectations \$3.4M.

Interest and investment revenue	6,673	12,306	5,633	84% F
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The low interest rate environment made it difficult to accurately forecast income when the original budget was determined. Council was conservative in setting its original budget and made adjustments to income forecasts during the year as part of its quarterly budget reviews. Interest and Investment income during the year was better than expected, outperforming the original budget by \$5.6m.

Other income	5,130	7,102	1,972	38% F
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Lease rental income performed better than anticipated, Council was conservative in setting its original budget as it provided for rent abatement of \$0.9M in the Civic Tower for tenants to resign leases and made adjustments to income forecasts during the year as part of its quarterly budget reviews. Other income during the year was better than expected, outperforming the original budget by \$1.6m.

Expenses

B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Employee benefits and on-costs	157,655	155,535	2,120	1% F
Materials and services	116,132	121,993	(5,861)	(5)% U
Borrowing costs	768	494	274	36% F

The original budget included an estimate for the interest on a loan.

No loan was entered into during the year, therefore the variance to budget is favourable.

Depreciation, amortisation and impairment of non-financial assets	77,892	88,840	(10,948)	(14)% U
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The original budget was completed prior to the finalisation of the infrastructure revaluation that resulted in changes to depreciation charges for infrastructure assets. The depreciation charges were revised up based on the completion of assessment of infrastructure valuations and useful lives.

Other expenses	13,963	11,534	2,429	17% F
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Other expenses were lower than originally budgeted due to the Ausgrid street lighting replacement program \$1.4M and EPA Levies being \$1.3M less than budgeted as a result of lower tipping than originally anticipated.

Net losses from disposal of assets	–	7,680	(7,680)	∞ U
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Council did not provide an original budget for net losses from disposal of assets due to the uncertainty of forecast amounts.

Statement of cash flows

Cash flows from operating activities	72,296	124,531	52,235	72% F
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The variance in cashflow from operating activities was a favourable 72% compared to the original budget. This was due to Grants and Contributions with the Financial Assistance Grant and Transport NSW Roads Repair Program significantly contributing to this figure. The nature of only including known grants at the time the original budget was resolved while multiple additional grants being received throughout the year also contributed to the variance from original budget.

Cash flows from investing activities	(97,843)	(137,986)	(40,143)	41% U
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Council did not provide any original budget amounts for the movement in financial assets due to the uncertainty.

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

	2023 \$ '000	2022 \$ '000
Cash on hand and at bank	1,276	1,183
Cash equivalent assets		
– Deposits at call	51,002	64,573
Total cash and cash equivalents	52,278	65,756

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	52,278	65,756
Balance as per the Statement of Cash Flows	52,278	65,756

Accounting policy

For Statement of Cash Flow presentation purposes, cash and cash equivalents include: cash on hand; deposits held at call with financial institutions; other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value; and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

C1-2 Financial investments

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Debt securities at amortised cost				
Term deposits	234,686	98,000	69,686	206,000
Government and semi-government bonds	1,000	35,000	–	36,000
Total	235,686	133,000	69,686	242,000
Equity securities at fair value through other comprehensive income				
FRN's (with maturities > 3 months)	7,586	39,990	4,345	40,160
Total	7,586	39,990	4,345	40,160
Total financial investments	243,272	172,990	74,031	282,160
Total cash assets, cash equivalents and investments	295,550	172,990	139,787	282,160

Equity securities designated as at fair value through other comprehensive income

The investments shown designated as financial assets as at fair value through other comprehensive income represent investments that the Council intends to hold for the long-term strategic purposes.

Total investments sold during 2023 was \$4,013,221. Total investments matured was \$4,345,471. The total gain on sale relating to these investments was \$859.

C1-2 Financial investments (continued)

Accounting policy

Financial instruments are recognised initially on the date that the Council becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, Council classifies its financial assets into the following categories – those measured at:

- amortised cost, and
- fair value through other comprehensive income – equity instrument (FVOCI-equity).

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Council's financial assets measured at amortised cost comprise trade and other receivables, term deposits and cash and cash equivalents in the Statement of Financial Position. Term deposits with an initial term of more than 3 months are classified as investments rather than cash and cash equivalents.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, impairment and gains or loss on de-recognition are recognised in profit or loss.

Fair value through other comprehensive income – equity instruments

Council has investments in FRN's and Council has made an irrevocable election to classify these investments as fair value through other comprehensive income as they are not held for trading purposes. These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to accumulated surplus and is not reclassified to profit or loss.

C1-3 Restricted and allocated cash, cash equivalents and investments

	2023 \$ '000	2022 \$ '000
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	468,540	421,947
Less: Externally restricted cash, cash equivalents and investments	(277,565)	(242,945)
Cash, cash equivalents and investments not subject to external restrictions	190,975	179,002

External restrictions

External restrictions included in cash, cash equivalents and investments above comprise:

Liability - workers compensation	4,686	4,686
Contributions – developer – sec 7.11/7.12 Bankstown branch	38,863	40,067
Contributions – developer – sec 7.11/7.12 Canterbury branch	83,921	83,648
Contributions – developer – sec 7.11/7.12 Canterbury-Bankstown plan 2022	4,101	–
Contributions – developer – sec 7.4 planning agreements	1,431	1,431
Unspent funds - Bankstown stormwater levy	5,063	4,124
Unspent funds - Bankstown town centre improvement rate	3,988	4,148
Unspent funds - Canterbury stormwater levy	3,520	2,860
Unspent funds - domestic waste reserve	97,232	76,728
Unspent funds - grants and contributions	34,760	25,253
Total external restrictions	277,565	242,945

Cash, cash equivalents and investments subject to external restrictions are those which are only available for specific use by Council due to a restriction placed by legislation or third-party contractual agreement.

C1-3 Restricted and allocated cash, cash equivalents and investments (continued)

	2023 \$ '000	2022 \$ '000
(b) Internal allocations		
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Liabilities		
Liabilities – employee leave entitlements	22,610	22,610
Liabilities – workers compensation	1,156	–
Liabilities – holding deposits	6,863	6,905
Liabilities – contingent insurance renewal	1,960	1,060
Stronger community fund	–	1,632
Asset replacement - general funded		
Assets – buildings	5,780	5,612
Assets – former Canterbury capital projects (SRV sustainability levy)	7,906	10,247
Assets – land improvement	1,083	2,237
Assets – library resources	943	788
Assets – other structures	3,904	5,428
Assets – plant, vehicles, equipment and IT	9,201	8,227
Assets – roads, footpaths and bridges	9,432	8,413
Assets – stormwater drainage	2,585	2,302
Special Rate Variation funded projects		
Special Rate Variation - buildings	1,227	–
Special Rate Variation - land improvement	771	–
Special Rate Variation - leisure and aquatics strategy	1,821	–
Special Rate Variation - other structures	136	–
Special Rate Variation - roads, footpaths and bridges	3,378	–
Special Rate Variation - service enhancements	1,280	–
Special Rate Variation - storm water drainage	415	–
City growth funds		
Assets - general funded - strategic priorities	13,426	13,464
Assets - growth fund - strategic priorities	584	–
Operational - growth fund - strategic priorities	445	250
Land investment fund		
Land investment fund - 15 Close Street Canterbury	917	917
Land investment fund - Bankstown CBD	30,573	30,573
Land investment fund - Canterbury golf course	5,387	5,387
Land investment fund - community	4,180	4,180
Other		
Carryover works	4,321	4,248
Council elections	1,633	1,033
Councillor ward funds	158	109
Energy efficiency reserve	625	482
Georges River footbridge maintenance reserve	5,450	5,300
Operational contingency reserve	34,128	15,194
Velodrome fund	823	807
Total internal allocations	185,101	157,405

Cash, cash equivalents and investments not subject to external restrictions may be internally allocated by resolution or policy of the elected Council.

C1-4 Receivables

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Rates and annual charges	14,119	2,227	12,800	1,585
Interest and extra charges	1,914	262	1,997	712
User charges and fees	2,768	–	4,337	–
Accrued revenues				
– Interest on investments	4,257	–	2,399	–
– Grants and contributions	6,511	–	3,014	–
– Other income accruals	1,411	–	2,139	–
Government grants and subsidies	3,438	–	9,457	–
Net GST receivable	1,675	–	2,437	–
Total	36,093	2,489	38,580	2,297
Less: provision for impairment				
User charges and fees	(139)	–	(165)	–
Other (provision for postponed rates)	–	(39)	–	(53)
Total provision for impairment – receivables	(139)	(39)	(165)	(53)
Total net receivables	35,954	2,450	38,415	2,244

Accounting policy

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

Impairment

Impairment of financial assets measured at amortised cost is recognised on an expected credit loss (ECL) basis.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating ECL, the Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information.

When considering the ECL for rates debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. For non-rates debtors, Council uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Council uses the presentation that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Council in full, without recourse by the Council to actions such as realising security (if any is held) or
- the financial assets (for non-rates debtors) are more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the entity in accordance with the contract, and the cash flows expected to be received. This is applied using a probability weighted approach.

On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Council uses the simplified approach for trade receivables where the expected lifetime credit losses are recognised on day 1.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period. Council has recorded no significant impact on expected credit losses due to COVID.

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

None of the receivables that have been written off are subject to enforcement activity.

Where the Council renegotiates the terms of receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Rates and annual charges outstanding are secured against the property.

C1-5 Inventories

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
(i) Inventories at cost				
Stores and materials	830	–	685	–
Total inventories at cost	830	–	685	–
Total inventories	830	–	685	–

Accounting policy

Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

C1-6 Contract assets

Contract assets

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Grants and contributions	2,253	–	3,121	–
Total contract assets	2,253	–	3,121	–

Accounting policy

Contract assets

Contract assets represent Council's right to payment in exchange for goods or services the Council has transferred to a customer when that right is conditional on something other than the passage of time.

Contract assets arise when the amounts billed to customers are based on the achievement of various milestones established in the contract and therefore the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer. Once an invoice or payment claim is raised or the relevant milestone is reached, Council recognises a receivable.

Impairment of contract assets is assessed using the simplified expected credit loss model where lifetime credit losses are recognised on initial recognition.

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period						At 30 June 2023		
	Gross carrying amount Restated	Accumulated depreciation and impairment	Net carrying amount Restated	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Transfers (WIP and other)	Revaluation movements to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	55,244	—	55,244	25,149	10,625	—	—	(18,776)	—	72,242	—	72,242
Plant and equipment	74,398	(46,290)	28,108	5,370	—	(163)	(6,881)	—	—	78,118	(51,684)	26,434
Office equipment	8,409	(7,510)	899	—	19	—	(231)	—	—	8,428	(7,741)	687
Furniture and fittings	6,452	(5,580)	872	—	120	—	(288)	—	—	6,572	(5,868)	704
Land:												
– Crown land	44,878	—	44,878	—	—	—	—	—	1,529	46,407	—	46,407
– Operational land	550,675	—	550,675	—	—	(1,265)	—	(660)	(13,953)	534,797	—	534,797
– Community land	221,749	—	221,749	—	1,050	—	—	—	3,900	226,699	—	226,699
– Land under roads (post 30/6/08)	12,869	—	12,869	—	11	—	—	660	2,206	15,746	—	15,746
Infrastructure:												
– Buildings	728,157	(376,715)	351,442	3,808	931	(836)	(21,946)	3,809	25,023	785,016	(422,785)	362,231
– Other structures	107,860	(57,922)	49,938	816	62	(262)	(2,303)	226	2,573	114,048	(62,998)	51,050
– Roads	1,570,950	(498,950)	1,072,000	6,266	1,047	(3,126)	(30,638)	2,840	(62,232)	1,611,064	(624,907)	986,157
– Bridges	65,927	(25,770)	40,157	987	2,645	(184)	(800)	3,598	6,190	75,812	(23,219)	52,593
– Footpaths	315,567	(114,322)	201,245	1,758	396	(530)	(5,395)	1,014	33,464	385,834	(153,882)	231,952
– Other road assets	19,640	(8,801)	10,839	316	—	(6)	(783)	20	6,955	22,863	(5,522)	17,341
– Bulk earthworks	698,638	—	698,638	—	—	—	—	—	(12,160)	686,478	—	686,478
– Stormwater drainage	870,431	(376,438)	493,993	785	1,648	(81)	(8,168)	1,006	25,218	917,912	(403,511)	514,401
– Other open space/recreational assets	191,680	(68,344)	123,336	3,643	2,598	(1,314)	(7,765)	5,113	6,764	210,095	(77,720)	132,375
Other assets:												
– Library books	20,534	(17,585)	2,949	—	1,127	(1,011)	(1,369)	—	—	6,129	(4,433)	1,696
– Information management – hardware	18,777	(17,502)	1,275	—	125	—	(570)	—	—	18,902	(18,072)	830
– Low value assets	539	(539)	—	—	48	—	(48)	—	—	587	(587)	—
– Artworks	4,073	—	4,073	—	40	—	—	8	—	4,121	—	4,121
Reinstatement, rehabilitation and restoration assets (refer Note C3-5 provisions):												
– Tip assets	15,235	(10,934)	4,301	—	—	—	(1,474)	6,831	—	22,066	(12,408)	9,658
Total infrastructure, property, plant and equipment	5,602,682	(1,633,202)	3,969,480	48,898	22,492	(8,778)	(88,659)	5,689	25,477	5,849,936	(1,875,337)	3,974,599

(1) Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

C1-7 Infrastructure, property, plant and equipment (continued)

	At 1 July 2021			Asset movements during the reporting period							At 30 June 2022		
	Gross carrying amount Restated	Accumulated depreciation and impairment	Net carrying amount Restated	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	Transfers (WIP and other)	Revaluation increments to equity (ARR)	Gross carrying amount Restated	Accumulated depreciation and impairment	Net carrying amount Restated
By aggregated asset class	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	41,347	–	41,347	28,738	11,647	–	–	–	(26,488)	–	55,244	–	55,244
Plant and equipment	71,307	(40,863)	30,444	4,310	–	(201)	(6,621)	–	176	–	74,398	(46,290)	28,108
Office equipment	8,148	(7,380)	768	–	238	–	(183)	–	76	–	8,409	(7,510)	899
Furniture and fittings	6,264	(5,308)	956	–	48	–	(272)	–	140	–	6,452	(5,580)	872
Land:													
– Operational land	499,964	–	499,964	–	–	(6)	–	–	–	50,717	550,675	–	550,675
– Community land	208,686	–	208,686	–	–	(10)	–	–	–	13,073	221,749	–	221,749
– Crown land	42,559	–	42,559	–	–	–	–	–	–	2,319	44,878	–	44,878
– Land under roads (post 30/6/08)	12,233	–	12,233	–	145	–	–	–	–	491	12,869	–	12,869
Infrastructure:													
– Buildings	662,404	(322,954)	339,450	2,698	–	(1,627)	(23,083)	–	1,172	32,832	728,157	(376,715)	351,442
– Other structures	96,911	(50,345)	46,566	246	340	(112)	(3,023)	–	1,708	4,213	107,860	(57,922)	49,938
– Roads	1,329,927	(404,622)	925,305	18,556	2,858	(6,453)	(26,012)	–	4,971	152,775	1,570,950	(498,950)	1,072,000
– Bridges	58,126	(25,439)	32,687	1,804	31	(197)	(792)	–	6,624	–	65,927	(25,770)	40,157
– Footpaths	311,965	(109,405)	202,560	1,677	543	(689)	(5,318)	–	2,472	–	315,567	(114,322)	201,245
– Other road assets	19,557	(8,003)	11,554	132	–	(30)	(823)	–	6	–	19,640	(8,801)	10,839
– Bulk earthworks	623,236	–	623,236	–	–	–	–	–	–	75,402	698,638	–	698,638
– Stormwater drainage	743,421	(277,062)	466,359	1,166	1,005	(347)	(7,063)	–	3,444	29,429	870,431	(376,438)	493,993
– Other open space/recreational assets	171,090	(57,703)	113,387	1,727	1,143	(1,500)	(6,286)	–	4,729	10,136	191,680	(68,344)	123,336
Other assets:													
– Library books	19,458	(16,544)	2,914	–	1,076	–	(1,041)	–	–	–	20,534	(17,585)	2,949
– Information management – hardware	18,118	(16,730)	1,388	–	659	–	(772)	–	–	–	18,777	(17,502)	1,275
– Low value assets	537	(537)	–	–	2	–	(2)	–	–	–	539	(539)	–
– Artworks	4,108	–	4,108	23	32	(142)	–	(86)	138	–	4,073	–	4,073
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):													
– Tip assets	15,235	(9,460)	5,775	–	–	–	(1,474)	–	–	–	15,235	(10,934)	4,301
Total infrastructure, property, plant and equipment	4,964,601	(1,352,355)	3,612,246	61,077	19,767	(11,314)	(82,765)	(86)	(832)	371,387	5,602,682	(1,633,202)	3,969,480

(1) Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

C1-7 Infrastructure, property, plant and equipment (continued)

Accounting policy

Initial recognition of infrastructure, property, plant and equipment (IPPE)

IPPE is measured initially at cost. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of import duties and taxes).

When infrastructure, property, plant and equipment is acquired by Council at significantly below fair value, the assets are initially recognised at their fair value at acquisition date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

Useful lives of IPPE

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant and equipment	Years	Buildings	Years
Office equipment	3 to 10	Buildings	20 to 60
Office furniture	5 to 10		
Vehicles	5	Stormwater assets	
Heavy plant/road making equipment	5 to 10	Drainage: pipes	120
Other plant and equipment	5 to 10	Drainage: culverts and channels	80
		Drainage: structures	100
		Water quality devices	10 to 100
Land improvement assets		Other Infrastructure assets	
Park and street furniture	10 to 80	Bulk earthworks	Infinite
Active sportsfields	20 to 80	Other structures	20 to 99
Golf course	50	Swimming pools	60
Lighting	20 to 40		
Irrigation	20	Other assets	
Playgrounds	20	Library books	5
Transportation assets		Information management hardware	3
Road pavement: surface	25 to 30		
Road pavement: base	75 to 90		
Kerb and gutter	75 to 90		
Traffic facilities	40		
Bridges: sub structure, super structure and			
Culvert	100		
Bridges: surface and rail	30		
Boardwalks	40		
Footpaths	10 to 80		

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Revaluation model

Infrastructure, property, plant and equipment are held at fair value. Comprehensive valuations are performed at least every five years, however the carrying amount of assets is assessed by Council at each reporting date to confirm that it is not materially different from current fair value. For the years preceding a comprehensive valuation, Council applies a relevant producer price index to adjust carrying values.

Increases in the carrying amounts arising on revaluation are credited to the IPPE revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised as

C1-7 Infrastructure, property, plant and equipment (continued)

profit or loss. Decreases that reverse previous increases of assets in the same class are first charged against IPPE revaluation reserve to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips.

Council has elected not to recognise land under roads acquired before 1 July 2008. Land under roads acquired after 1 July 2008 is recognised in accordance with the IPPE accounting policy.

Crown reserves

Crown reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

Improvements on Crown reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating to the reserves are recognised within Council's Income Statement.

C1-8 Investment properties

	2023 \$ '000	2022 \$ '000
Owned investment property		
Investment property on hand at fair value	8,513	7,935
Total owned investment property	8,513	7,935
Owned investment property		
At fair value		
Opening balance at 1 July	7,935	7,750
Net gain/(loss) from fair value adjustments	578	185
Closing balance at 30 June	8,513	7,935

Accounting policy

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Council. Changes in fair values are recorded in the Income Statement as part of other income.

C1-9 Intangible assets

Intangible assets are as follows:

	2023 \$ '000	2022 \$ '000
Software		
Opening values at 1 July		
Gross book value	14,030	13,821
Accumulated amortisation	(13,544)	(13,389)
Net book value – opening balance	486	432
Movements for the year		
Purchases	2,036	209
Amortisation charges	(159)	(155)
Closing values at 30 June		
Gross book value	16,066	14,030
Accumulated amortisation	(13,703)	(13,544)
Total software – net book value	2,363	486
Total intangible assets – net book value	2,363	486

Accounting policy

IT development and software

Software development costs include only those costs directly attributable to the development phase (including external direct costs of materials and services, direct payroll, and payroll-related costs of employees' time spent on the project) and are only recognised following completion of technical feasibility, and where the Council has an intention and ability to use the asset. Amortisation is calculated on a straight-line basis over periods generally ranging from three to five years.

C1-10 Other

Other assets

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Prepayments	2,208	–	3,747	–
Other	2,338	–	1,150	–
Total other assets	4,546	–	4,897	–

C2 Leasing activities

C2-1 Council as a lessee

Council has leases for land, plant & equipment and waste trucks. Information relating to the leases in place and associated balances and transactions is provided below.

Terms and conditions of leases

- Waste trucks - 10 years and 4 months lease agreements (ending 30 June 2031) for 14 waste trucks.
- Plant & equipment - 4 year lease agreement for 8 golf carts (ending 14 May 2025)

Vehicles

Council leases waste trucks with lease term of 10 years and 4 months. The lease payments are variable depending on the number of collections performed during the lease term and there is generally no renewal option. The payments relating to the lease components are therefore recognised as expenses in the income statement when the collections are made, i.e. no lease liability or right of use asset is recognised on inception of the lease.

(a) Right of use assets

	Plant & Equipment \$ '000	Total \$ '000
2023		
Opening balance at 1 July	64	64
Depreciation charge	(22)	(22)
Balance at 30 June	41	41
2022		
Opening balance at 1 July	–	–
Additions to right-of-use assets	88	88
Depreciation charge	(24)	(24)
Balance at 30 June	64	64

(b) Lease liabilities

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Lease liabilities	21	15	24	36
Total lease liabilities	21	15	24	36

(c) (i) The maturity analysis

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year \$ '000	1 – 5 years \$ '000	> 5 years \$ '000	Total \$ '000	Total per Statement of Financial Position \$ '000
2023					
Cash flows	21	15	–	36	36
2022					
Cash flows	24	36	–	60	60

C2-1 Council as a lessee (continued)

(d) Income Statement

The amounts recognised in the Income Statement relating to leases where Council is a lessee are shown below:

	2023 \$ '000	2022 \$ '000
Interest on lease liabilities	1	3
Variable lease payments based on usage not included in the measurement of lease liabilities	627	540
Depreciation of right of use assets	22	24
Expenses relating to low-value leases	664	376
	1,314	943

(e) Statement of Cash Flows

Total cash outflow for leases	1,379	1,000
	1,379	1,000

(f) Leases at significantly below market value – concessionary / peppercorn leases

Council has a number of leases at significantly below market for land and buildings which are used for:

- Car parking
- Pedestrian facilities
- Community facilities
- Stormwater / Drainage
- Open space embellishment
- Roadway
- Bus terminal

The leases are generally have year-to-year hold over provisions and require payments of a maximum amount of \$1,000 per year. The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases.

Council does not believe that any of the leases in place are individually material from a statement of financial position or performance perspective.

Accounting policy

At inception of a contract, Council assesses whether a lease exists – i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration?

Council has elected not to separate non-lease components from lease components for any class of asset and has accounted for payments as a single component.

At the lease commencement, Council recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where Council believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives received. The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Council's incremental borrowing rate for a similar term with similar security is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is re-measured when there is a lease modification, or change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI).

C2-1 Council as a lessee (continued)

Where the lease liability is re-measured, the right-of-use asset is adjusted to reflect the re-measurement.

Exceptions to lease accounting

Council has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases at significantly below market value / Concessionary leases

Council has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability at initial recognition.

C2-2 Council as a lessor

(a) Operating leases

Council leases out a number of properties and plant and equipment assets; these leases have been classified as operating leases for financial reporting purposes and the assets are included in the Statement of Financial Position as:

- investment property – where the asset is held predominantly for rental or capital growth purposes (refer note C1-8)
- property, plant and equipment – where the rental is incidental, or the asset is held to meet Councils service delivery objective (refer note C1-7).

	2023	2022
	\$ '000	\$ '000

(i) Assets held as investment property

Council has two investment properties that it leases to tenants on five year arrangements.

The amounts recognised in the Income Statement relating to operating leases where Council is a lessor are shown below

Lease income (excluding variable lease payments not dependent on an index or rate)	339	314
Total income relating to operating leases for investment property assets	339	314

(ii) Assets held as property, plant and equipment

Council provides operating leases on buildings, land and vehicles for the purpose of rental return or Council's service delivery objectives. The table below relates to operating leases on assets disclosed in C1-7.

Lease income (excluding variable lease payments not dependent on an index or rate)	6,185	5,977
Total income relating to operating leases for Council assets	6,185	5,977

Amount of IPPE leased out by Council under operating leases

Buildings	31,566	33,086
Investment properties	8,513	7,935
Land	13,484	13,484
Other structures	1,266	1,339
Plant and equipment	1,292	1,468
Total amount of IPPE leased out by Council under operating leases	56,121	57,312

C2-2 Council as a lessor (continued)

	2023 \$ '000	2022 \$ '000
(ii) Maturity analysis of contractual lease income		
Maturity analysis of future lease income receivable showing the undiscounted lease payments to be received after reporting date for operating leases:		
< 1 year	3,472	3,700
1–2 years	2,166	3,472
2–3 years	1,854	2,166
3–4 years	1,648	1,854
4–5 years	781	1,648
> 5 years	7,443	8,224
Total undiscounted lease payments to be received	17,364	21,064

(b) Finance leases

Council has a 99 year Finance Lease ending in May 2120 for the land in Lot 15 DP1256167. The total lease payment has been received in advance.

Accounting policy

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

When Council has a sub-lease over an asset and is the intermediate lessor then the head lease and sub-lease are accounted for separately. The classification of the sub-lease is based on the right-of-use asset which arises from the head lease rather than the useful life of the underlying asset.

If the lease contains lease and non-lease components, the non-lease components are accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*.

The lease income is recognised on a straight-line basis over the lease term for an operating lease and as finance income using amortised cost basis for finance leases.

C3 Liabilities of Council

C3-1 Payables

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Goods and services – operating expenditure	13,556	–	19,329	–
Accrued expenses:				
– Salaries and wages	767	–	3,408	–
– Other expenditure accruals	2,695	–	1,332	–
Security bonds, deposits and retentions	6,435	428	6,444	461
Prepaid rates	2,535	–	2,319	–
Payroll liabilities	3,603	–	23	–
Other	30	–	33	–
Total payables	29,621	428	32,888	461

Current payables not anticipated to be settled within the next twelve months

	2023 \$ '000	2022 \$ '000
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	5,000	5,000
Total payables	5,000	5,000

Accounting policy

Council measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

Payables

Payables represent liabilities for goods and services provided to Council prior to the end of financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

C3-2 Contract Liabilities

		2023 Current	2023 Non-current	2022 Current Restated	2022 Non-current Restated
	Notes	\$ '000	\$ '000	\$ '000	\$ '000
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	9,107	–	9,479	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	515	–	506	–
Unexpended operating contributions (received prior to performance obligation being satisfied)	(ii)	186	–	124	–
Total grants and contributions received in advance		9,808	–	10,109	–
User fees and charges received in advance:					
Upfront fees – user fees and charges	(iii)	1,080	213	1,353	282
Upfront fees – DA fees (where no determination has been made)	(iii)	956	–	1,084	–
Upfront fees - trade waste	(iii)	356	–	345	–
Total user fees and charges received in advance		2,392	213	2,782	282
Total contract liabilities		12,200	213	12,891	282

Notes

(i) Council has received funding to construct assets including sporting facilities, bridges, library and other infrastructure. The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion. The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue. The revenue is expected to be recognised in the next 12 months.

(ii) The contract liability relates to grants received prior to the revenue recognition criteria in AASB 15 being satisfied since the performance obligations are ongoing.

(iii) Upfront user fees and charges received prior to the revenue recognition criteria in AASB 15 being satisfied since the performance obligations are ongoing.

Revenue recognised that was included in the contract liability balance at the beginning of the period

	2023 \$ '000	2022 \$ '000
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	3,699	951
Operating grants (received prior to performance obligation being satisfied)	630	454
User fees and charges received in advance:		
Upfront fees – user fees and charges	1,016	1,320
Upfront fees – DA fees (where no determination has been made)	854	1,212
Upfront fees – trade waste	345	340
Total revenue recognised that was included in the contract liability balance at the beginning of the period	6,544	4,277

Accounting policy

Contract liabilities are recorded when consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

C3-3 Borrowings

Financing arrangements

	2023 \$ '000	2022 \$ '000
Total facilities		
Bank overdraft facilities ¹	500	500
Credit cards/purchase cards	100	100
Total financing arrangements	600	600
Drawn facilities		
– Credit cards/purchase cards	3	6
Total drawn financing arrangements	3	6
Undrawn facilities		
– Bank overdraft facilities	500	500
– Credit cards/purchase cards	97	94
Total undrawn financing arrangements	597	594

Additional financing arrangements information

Breaches and defaults

During the current and prior year, there were no defaults or breaches on any of the loans.

(1) The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

C3-4 Employee benefit provisions

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Annual leave	12,436	–	13,195	–
Sick leave	7,815	–	8,554	–
Long service leave	27,531	1,147	27,094	–
Gratuities	180	–	169	–
ELE on-costs	818	20	931	–
Total employee benefit provisions	48,780	1,167	49,943	–

Current employee benefit provisions not anticipated to be settled within the next twelve months

	2023 \$ '000	2022 \$ '000
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employee benefits	34,422	35,632
	34,422	35,632

Accounting policy

Employee benefit provisions are presented as current liabilities in the Statement of Financial Position if Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur and therefore all annual leave and vested long service leave (or that which vests within 12 months) is presented as current.

Short-term obligations

Liabilities for wages and salaries (including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service) are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations

The liability for long-service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

On-costs

The employee benefit provisions include the aggregate on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include superannuation, and workers compensation expenses which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

C3-5 Provisions

	2023 Current \$ '000	2023 Non-Current \$ '000	2022 Current \$ '000	2022 Non-Current \$ '000
Other provisions				
Self insurance – workers compensation	1,721	4,653	1,249	3,703
Insurance claims below excess	867	–	875	–
Sub-total – other provisions	2,588	4,653	2,124	3,703
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	26,348	–	19,024
Sub-total – asset remediation/restoration	–	26,348	–	19,024
Total provisions	2,588	31,001	2,124	22,727

Description of and movements in provisions

	Other provisions			
	Self insurance \$ '000	Asset remediation \$ '000	Insurance claims below excess \$ '000	Total \$ '000
2023				
At beginning of year	4,952	19,024	875	24,851
Unwinding of discount	–	493	–	493
Additional provisions	2,188	1,083	(8)	3,263
Amounts used (payments)	(2,119)	–	(537)	(2,656)
Remeasurement effects	1,353	5,748	537	7,638
Total other provisions at end of year	6,374	26,348	867	33,589
2022				
At beginning of year	4,967	18,944	1,508	25,419
Additional provisions	2,041	–	(633)	1,408
Amounts used (payments)	(2,318)	–	(565)	(2,883)
Remeasurement effects	262	80	565	907
Total other provisions at end of year	4,952	19,024	875	24,851

Nature and purpose of provisions

Asset remediation

The asset remediation provision represents the present value estimate of future costs Council will incur to restore, rehabilitate and reinstate the tip and quarry as a result of past operations.

Self-insurance

To recognise liabilities for outstanding claims (uninsured losses) arising from Council's decision to undertake self-insurance for certain risks faced.

Insurance claims below excess

Insurance provision for under excess claims for public liability, property and motor vehicles.

Accounting policy

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a borrowing cost.

C3-5 Provisions (continued)

Asset remediation – tips and quarries

Close-down and restoration costs include the dismantling and demolition of infrastructure, and the removal of residual materials and remediation of disturbed areas. Estimated close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs. Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

The ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors, including changes to the relevant legal requirements, the emergence of new restoration techniques, or experience at other locations. The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates. As a result, there could be significant adjustments to the provision for close down and restoration and environmental clean-up, which would affect future financial results.

Other movements in the provisions for close-down and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations, and revisions to discount rates, are capitalised within infrastructure, property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

Self-insurance

Council has decided to self-insure for certain risks, including workers compensation. A provision for self-insurance has been made to recognise outstanding claims. Council also maintains cash and investments to meet expected future claims; refer to Note C1-3.

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

The infrastructure, property, plant and equipment (IPPE) revaluation reserve is used to record increments and decrements in the revaluation of infrastructure, property, plant and equipment.

Fair value through other comprehensive income reserve (FVOCI)

Changes in the fair value of financial assets are taken through the fair value through other comprehensive income revaluation reserve. The accumulated changes in fair value are transferred to profit or loss when the financial asset is derecognised or impaired. Council's financial assets are investments in FRN's.

D Risks and accounting uncertainties

D1-1 Risks relating to financial instruments held

Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of Council.

Council's objective is to maximise its return on cash and investments while maintaining an adequate level of liquidity and preserving capital. The finance team manage the cash and investments portfolio with the assistance of independent advisers. NSW Council has an investment policy which complies with s 625 of the Act and the Ministerial Investment Order. The policy is regularly reviewed by NSW Council and a monthly investment report is provided to NSW Council setting out the make-up and performance of the portfolio as required by local government regulations.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance team under policies approved by the Councillors.

The fair value of cash and cash equivalents, receivables and investments approximates the carrying amount.

The risks associated with the financial instruments held are:

- interest rate risk – the risk that movements in interest rates could affect returns
- liquidity risk – the risk that Council will not be able to pay its debts as and when they fall due
- credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from its independent advisers before placing any cash and investments.

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and held-to-maturity investments** – are based upon estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified (i) '**at fair value through other comprehensive income**' – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

(a) Market risk – interest rate and price risk

	2023 \$ '000	2022 \$ '000
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The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.

Impact of a 1% movement in interest rates		
– Equity / Income Statement	4,206	3,774
Impact of a 10% movement in price of investments		
– Equity / Income Statement	4,758	4,451

(b) Credit risk

Council's major receivables comprise rates, annual charges, user charges and fees.

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures. Council also encourages ratepayers to pay their rates by the due date through incentives.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

D1-1 Risks relating to financial instruments held (continued)

There are no significant concentrations of credit risk other than Council has significant credit risk exposures in its local area given the nature of Council activities.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance. The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable in the financial statements.

There are no material receivables that have been subjected to a re-negotiation of repayment terms.

Credit risk profile

Receivables – rates and annual charges

Credit risk on rates and annual charges is minimised by the ability of Council to recover these debts as a secured charge over the land; that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates which further encourages payment.

	overdue rates and annual charges			
	Not yet due \$ '000	< 5 years \$ '000	≥ 5 years \$ '000	Total \$ '000
2023				
Gross carrying amount	–	14,119	2,227	16,346
2022				
Gross carrying amount	–	12,800	1,585	14,385

Receivables - non-rates and annual charges and contract assets

Council applies the simplified approach for non-rates and annual charges debtors and contract assets to provide for expected credit losses, which permits the use of the lifetime expected loss provision at inception. To measure the expected credit losses, non-rates and annual charges debtors and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance provision is determined as follows. The expected credit losses incorporate forward-looking information.

	Overdue debts					
	Not yet due \$ '000	< 30 days \$ '000	30 - 60 days \$ '000	60 - 90 days \$ '000	> 90 days \$ '000	Total \$ '000
2023						
Gross carrying amount	17,802	1,702	458	2,848	1,679	24,489
Expected loss rate (%)	0.00%	0.00%	0.00%	3.06%	3.06%	0.57%
ECL provision	–	–	–	87	52	139
2022						
Gross carrying amount	23,783	688	156	573	4,413	29,613
Expected loss rate (%)	0.00%	0.00%	0.00%	3.31%	3.31%	0.56%
ECL provision	–	–	–	19	146	165

(c) Liquidity risk

Payables, lease liabilities and borrowings are both subject to liquidity risk; that is, the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels, and by maintaining an adequate cash buffer. Payment terms can be extended, and overdraft facilities drawn upon in extenuating circumstances.

Borrowings are also subject to interest rate risk: the risk that movements in interest rates could adversely affect funding costs. Council manages this risk through diversification of borrowing types, maturities and interest rate structures.

D1-1 Risks relating to financial instruments held (continued)

The finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

The timing of cash flows presented in the table below to settle financial liabilities reflects the earliest contractual settlement dates. The timing of expected outflows is not expected to be materially different from contracted cashflows.

The amounts disclosed in the table are the undiscounted contracted cash flows for non-lease liabilities (refer to Note C2-1(b) for lease liabilities) and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

	Weighted average interest rate %	Subject to no maturity \$ '000	Due within - 1 year \$ '000	Due between: - 1 - 5 years \$ '000	Due after: - 5 Years \$ '000	Total contractu al cash flows \$ '000	Carrying values \$ '000
2023							
Payables	0.00%	1,863	21,758	5,000	–	28,621	30,049
Lease liabilities	0.00%	–	21	15	–	36	–
Total financial liabilities		1,863	21,779	5,015	–	28,657	30,049
2022							
Payables	0.00%	1,905	23,886	5,000	–	30,791	33,349
Lease liabilities	0.00%	–	24	36	–	60	–
Total financial liabilities		1,905	23,910	5,036	–	30,851	33,349

D2-1 Fair value measurement

Council measures the following asset and liability classes at fair value on a recurring basis:

– Financial assets and liabilities – Infrastructure, property, plant and equipment – Investment property

Fair value hierarchy

All assets and liabilities measured at fair value are assigned to a level in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

The table below shows the assigned level for each asset and liability held at fair value by Council:

		Fair value measurement hierarchy					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
\$ '000	Notes	2023	2022 Restated	2023	2022	2023	2022 Restated
Financial assets							
Financial investments	C1-2						
At fair value through other comprehensive income		47,576	44,505	–	–	47,576	44,505
Total financial assets		47,576	44,505	–	–	47,576	44,505
Investment property							
Investment properties	C1-8	8,513	7,935	–	–	8,513	7,935
Total investment property		8,513	7,935	–	–	8,513	7,935
Infrastructure, property, plant and equipment							
Plant and equipment	C1-7	–	–	26,434	28,108	26,434	28,108
Office equipment		–	–	687	899	687	899
Furniture and fittings		–	–	704	872	704	872
Operational land		534,797	550,675	–	–	534,797	550,675
Community land		–	–	226,699	221,749	226,699	221,749
Crown land		–	–	46,407	44,878	46,407	44,878
Land under road (post 1 July 2008)		–	–	15,746	12,869	15,746	12,869
Other open space/recreational assets		–	–	132,375	123,336	132,375	123,336
Buildings		11,271	12,473	350,960	338,969	362,231	351,442
Other structures		–	–	51,050	49,938	51,050	49,938
Roads		–	–	986,157	1,072,000	986,157	1,072,000
Bridges		–	–	52,593	40,157	52,593	40,157
Footpaths		–	–	231,952	201,245	231,952	201,245
Bulk earthworks (non-depreciable)		–	–	686,478	698,638	686,478	698,638
Stormwater drainage		–	–	514,401	493,993	514,401	493,993
Other road assets		–	–	17,341	10,839	17,341	10,839
Library books		–	–	1,696	2,949	1,696	2,949
Information management – hardware		–	–	830	1,275	830	1,275
Artworks		–	–	4,121	4,073	4,121	4,073
Tip asset		–	–	9,658	4,301	9,658	4,301
Low value assets		–	–	–	–	–	–
Total infrastructure, property, plant and equipment		546,068	563,148	3,356,289	3,351,088	3,902,357	3,914,236

D2-1 Fair value measurement (continued)

Valuation techniques

Where Council is unable to derive fair valuations using quoted market prices of identical assets (i.e. level 1 inputs) Council instead utilises a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs).

The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are as follows:

Financial assets

Council receives indicative market valuation advice from an independent external investment advisor. The indicative valuations are based upon recent comparable market based evidence.

Investment property

The basis of valuation of investment property is fair value, being the amounts for which the properties could be exchanged between willing parties in arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.

The last comprehensive valuation was performed by Scott Fullarton Valuations Pty Ltd for 30 June 2021. A desktop valuation was performed for 30 June 2023 by Council staff using a relevant index.

The investment valuations are included as level 2 of the fair value hierarchy.

Infrastructure, property, plant and equipment (IPPE)

Operational land

This asset class comprises all of Council's land classified as operational land under the NSW Local Government Act 1993. Level 2 inputs were used to value land held in freehold title and those with special use, which are restricted under the zoning objectives. Sale price of comparable land parcels in close proximity were adjusted for differences in key attributes such as size and configuration. The most significant inputs into this valuation approach are price per square metre.

The last comprehensive valuation was undertaken at 30 June 2020 and was performed by Scott Fullarton Valuation Pty Ltd.

The 30 June 2023 valuation is based on a relevant index applied to the asset class.

Community and Crown land

Valuations of all Council's community land and managed land were based on the land values provided by Scott Fullarton Valuation Pty Ltd. As these rates were not considered to be observable market evidence they have been classified as Level 3. When valuing the land, Scott Fullarton Valuation Pty Ltd considers the following:

- Property market conditions at the time of valuation
- Most valuable use of the land
- Location of the land
- Constraints on use such as zoning, heritage restrictions
- Land size, shape and land features such as slope and soil type
- Nearby development and infrastructure
- Views

The last comprehensive valuation was undertaken at 30 June 2020 and was performed by Scott Fullarton Valuation Pty Ltd.

The 30 June 2023 valuation is based on a relevant index applied to the asset class.

Roads, bridges, footpaths, other road assets and bulk earthworks

Road condition audit has been carried out by IMG consultant. This audit outcome has been used by council staff to determine the remaining life and fair value. The fair value is determined using unit rates provided by third-party suppliers as specified in contracts. The condition audit and deriving of the unit rates for each component of bridges were completed by Solbridge Engineering P/L.

These assets were comprehensively valued at 30 June 2023, using the cost approach, by experienced Council engineers and asset management staff.

D2-1 Fair value measurement (continued)

Stormwater drainage

The condition based assessments of consumption of service potential have been carried out to determine fair value. The unit rates being key unobservable input is determined using rates stipulated in contracts with third party suppliers. These assets were comprehensively valued at 30 June 2022, using the cost approach, by experienced Council engineers and asset management staff.

The 30 June 2023 valuation is based on relevant producer price indexes and applied to the asset class.

Other open space/recreational assets

The condition based assessments of consumption of service potential have been carried out to determine fair value. The unit rates being key unobservable input, is determined using rates stipulated in contracts with third party suppliers. These assets were comprehensively valued as at 30 June 2021, using the cost approach, by experienced Council engineers and asset management staff.

The 30 June 2023 valuation is based on relevant producer price indexes and applied to the asset class.

Buildings and other structures

Buildings and major structures were comprehensively valued by Scott Fullarton Valuations Pty Ltd as at 30 June 2021.

Minor other structures were comprehensively valued as at 30 June 2021 by experienced Council engineers and asset management staff.

Specialised assets were valued using the cost approach. The approach estimated the replacement cost of each building. Where the unit rates could be supported by market evidence, Level 2 inputs were utilised. Other inputs (such as estimates of residual value, useful life and asset condition) require extensive professional judgement and impacted significantly on the final determination of fair value. As such, these assets have been valued utilising level 3 inputs.

The 30 June 2023 valuation is based on relevant producer price indexes and applied to the asset classes.

Plant and equipment, office equipment and furniture and fittings, library books and information management hardware

The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

The key unobservable input to the valuation is the remaining useful life. Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets and by taking account of the pattern of consumption and estimated remaining useful life.

There has been no change to the valuation process during the reporting period.

Fair value measurements using significant unobservable inputs (level 3)

The valuation process for level 3 fair value measurements

Council engages external, independent, qualified valuers to determine the fair value of buildings, other structures and land. Experienced Council staff value all infrastructure assets and other assets every five years. For the years preceding a comprehensive valuation, Council applies a relevant producer price index for Sydney provided by the Australian Bureau of Statistics.

Comprehensive valuations using the cost approach are based on information derived from condition assessments and information supplied by Council. The process estimates the net carrying amount for each asset taking into consideration the following factors:

Pattern of consumption, asset condition, unit rates and useful life.

The last comprehensive valuation of Stormwater Drainage and Artworks was completed as at 30 June 2022. Buildings, other structures and other open space/recreational assets were comprehensively valued as at 30 June 2021. Community and Crown Land assets were comprehensively valued as at 30 June 2020. Roads, bridges, footpaths, other road assets, bulk earthworks and Land Under Roads were comprehensively valued this year.

D2-1 Fair value measurement (continued)

Significant unobservable valuation inputs used (for level 3 asset classes) and their relationship to fair value.

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various level 3 asset class fair values.

	Fair value (30/6/23) 2023 \$ '000	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment			
Community and crown land	273,106	Cost approach, internal valuation using movements in weekly asking property prices	Movement in property prices index, restricted use
Land under roads(post 30/6/08)	15,746	Cost approach, adjoining blocks average rate per m2 using VG valuation	Price per square meter, restricted use
Other open space/recreational assets	132,375	Cost approach, movement in a relevant producer price index	Asset condition, remaining useful life, producer price index
Buildings	350,960	Cost approach, movement in a relevant producer price index	Asset condition, remaining useful life, producer price index
Other Structures	51,050	Cost approach, movement in a relevant producer price index	Asset condition, remaining useful life, producer price index
Roads, bridges, footpaths and other road assets	1,288,043	Cost approach	Asset condition, unit rates
Bulk earthworks	686,478	Cost approach, movement in a relevant producer price index	Asset condition, remaining useful life, producer price index
Stormwater drainage	514,401	Cost approach, movement in a relevant producer price index	Asset condition, remaining useful life, producer price index
Library books	1,696	Cost approach	Asset condition, remaining useful life
Plant, office equipment, furniture & fittings	28,655	Cost used to approximate fair value	Gross replacement cost, useful life
Artworks	4,121	Cost used to approximate fair value	The level of appreciation of the asset
Tip asset	9,658	Cost approach	Asset condition, remaining useful life

A reconciliation of the movements in recurring fair value measurements allocated to Level 3 of the hierarchy is provided below:

	Total	
	2023 \$ '000	2022 \$ '000
Opening balance	3,351,088	3,059,428
Total gains or losses for the period		
Recognised in profit or loss – realised (refer to Note B4-1)	–	(86)
Recognised in other comprehensive income – revaluation surplus	39,430	320,670
Other movements		
Transfers from/(to) another asset class	660	–
Purchases (GBV)	53,250	66,116
Disposals (WDV)	(7,513)	(11,307)
Depreciation and impairment	(87,457)	(83,733)
Revised costs	6,831	–
Closing balance	3,356,289	3,351,088

D3-1 Contingencies

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but their knowledge and disclosure is considered relevant to the users of Council's financial report.

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named The Local Government Superannuation Scheme – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a 'multi-employer fund' for purposes of AASB119 Employee Benefits for the following reasons:

- Assets are not segregated within the sub-group according to the employees of each sponsoring employer.
- The contribution rates have been the same for all sponsoring employers. That is, contribution rates have not varied for each sponsoring employer according to the experience relating to the employees of that sponsoring employer.
- Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer.
- The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

Given the factors above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers, and hence shares in the associated gains and losses (to the extent that they are not borne by members).

Description of the funding arrangements.

Pooled employers are required to pay future service employer contributions and past service employer contributions to the Fund.

The future service employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working life-time of a typical new entrant is calculated. The current future service employer contribution rates are:

Division B	1.9 times member contributions for non-180 Point Members; Nil for 180 Point Members*
Division C	2.5% salaries
Division D	1.64 times employee contributions

* For 180 Point Members, Employers are required to contribute 8.0% of salaries for the year ending 30 June 2023 (increasing to 8.5% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$20 million per annum for 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2022. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

The adequacy of contributions is assessed at each triennial actuarial investigation and monitored annually between triennials.

Description of the extent to which Council can be liable to the plan for other Council's obligations under the terms and conditions of the multi-employer plan

As stated above, each sponsoring employer (Council) is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses.

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding past service contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the Council.

There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.

There is no provision for allocation of any surplus which may be present at the date of withdrawal of an employer.

D3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2023 was \$629,492.78. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2022.

Council's expected contribution to the plan for the next annual reporting period is \$997,689.48.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2023 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	2,290.9	
Past Service Liabilities	2,236.1	102.4%
Vested Benefits	2,253.6	101.7%

* excluding other accumulation accounts and reserves in both assets and liabilities.

The share of any funding surplus or deficit that can be attributed to Council is 3.05%.

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils. For this reason, no liability for the deficiency has been recognised in Council's accounts. Council has a possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

The key economic long term assumptions used to calculate the present value of accrued benefits are:

Investment return	6.0% per annum
Salary inflation *	3.5% per annum
Increase in CPI	6.0% for FY 22/23 2.5% per annum thereafter

* Plus promotional increases

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group.

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review, which will be a triennial actuarial investigation will be completed by December 2023.

(ii) Statewide Limited

Council is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to local government.

Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the net assets or liabilities reflects Council's contributions to the pool and the result of insurance claims within each of the fund years.

The future realisation and finalisation of claims incurred but not reported to 30 June this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(iii) Other guarantees

Council has a bank guarantee of \$50,000 with Viva Energy Australia Pty Ltd for the Canterbury Town Centre redevelopment recoverable works agreement. The Bank Guarantee will expire on 15 March 2024.

2. Other liabilities

(i) Third party claims

The Council is involved from time to time in various claims incidental to the ordinary course of business including claims for damages relating to its services.

Council believes that it is appropriately covered for all claims through its insurance coverage and does not expect any material liabilities to eventuate.

D3-1 Contingencies (continued)

(ii) Potential land acquisitions due to planning restrictions imposed by Council

Council has classified a number of privately owned land parcels as local open space or bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (and subsequent land asset) from such potential acquisitions has not been possible.

ASSETS NOT RECOGNISED

(i) Land under roads

As permitted under AASB 1051 Land Under Roads, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30 June 2008.

(ii) Infringement notices/fines

Fines and penalty income, the result of Council issuing infringement notices is followed up and collected by the Infringement Processing Bureau.

Council's revenue recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at year end, there is a potential asset due to Council representing issued but unpaid infringement notices.

Due to the limited information available on the status, value and duration of outstanding notices, Council is unable to determine the value of outstanding income.

E People and relationships

E1 Related party disclosures

E1-1 Key management personnel (KMP)

Key management personnel (KMP) of the council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly.

The aggregate amount of KMP compensation included in the Income Statement is:

	2023	2022
	\$ '000	\$ '000
Compensation:		
Short-term benefits	3,270	3,193
Other long-term benefits	31	5
Termination benefits	109	–
Total	3,410	3,198

E1-1 Key management personnel (KMP) (continued)

Other transactions with KMP and their related parties

Council has determined that transactions at arms length between KMP and Council as part of Council delivering a public service objective (e.g. access to library or Council swimming pool by KMP) will not be disclosed.

Nature of the transaction		Transactions during the year \$ '000 Ref	Outstanding balances including commitments \$ '000	Terms and conditions	Impairment provision on outstanding balances \$ '000	Impairment expense \$ '000
2023						
Grants, donations and subsidies	1	109	—		—	—
Community grant	2	5	—		—	—
2022						
Grants, donations and subsidies	1	149	—		—	—
Community grant	2	—	—		—	—

- 1 Two Council KMP are board members of Riverwood Community Centre. Subsidies, donations and grants for community programs are approved by Council and paid to the centre. All transactions are at arm's length.
- 2 A Council KMP is a board member of Arena Sports Club. Council approved the funding recommendations for the 2022 – 2023 Community Grants and Event Sponsorship Program on 23 August 2022. All transactions are at arm's length.

E1-2 Councillor and Mayoral fees and associated expenses

	2023 \$ '000	2022 \$ '000
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	92	89
Councillors' fees	475	422
Superannuation	61	–
Other Councillors' expenses (including Mayor)	132	106
Total	760	617

E2 Other relationships

E2-1 Audit fees

	2023 \$ '000	2022 \$ '000
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	234	269
Remuneration for audit and other assurance services	234	269
Total Auditor-General remuneration	234	269
Non NSW Auditor-General audit firms		
(i) Non-assurance services		
Other services	28	80
Remuneration for non-assurance services	28	80
Total remuneration of non NSW Auditor-General audit firms	28	80
Total audit fees	262	349

F Other matters

F1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

	2023 \$ '000	2022 Restated \$ '000
Net operating result from Income Statement	20,578	24,183
Add / (less) non-cash items:		
Depreciation and amortisation	88,840	82,944
(Gain) / loss on disposal of assets	7,680	10,576
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	–	22
– Investment property	(578)	(185)
– Revaluation decrements / impairments of IPP&E direct to P&L	–	86
Unwinding of discount rates on reinstatement provisions	493	–
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	2,295	1,919
Increase / (decrease) in provision for impairment of receivables	(40)	(14)
(Increase) / decrease of inventories	(145)	54
(Increase) / decrease of other current assets	351	284
(Increase) / decrease of contract asset	868	–
Increase / (decrease) in payables	(5,773)	3,920
Increase / (decrease) in other accrued expenses payable	(1,278)	(349)
Increase / (decrease) in other liabilities	3,751	490
Increase / (decrease) in contract liabilities	(760)	6,933
Increase / (decrease) in employee benefit provision	4	(3,125)
Increase / (decrease) in other provisions	8,245	(568)
Net cash flows from operating activities	124,531	127,170

F2-1 Commitments

Capital commitments (exclusive of GST)

	2023 \$ '000	2022 \$ '000
--	-----------------	-----------------

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Property, plant and equipment

Buildings	4,376	7,796
Infrastructure works	18,801	29,751
Information management	1,202	129
Plant and equipment	3,354	1,108
Total commitments	27,733	38,784

Details of capital commitments

Council has committed to various capital projects which are detailed in the Delivery Program, Operational Plan and Capital Works Program.

Total commitments include contractual obligations to the following projects:

- Town centre upgrade works
- Wolumba Street road works
- North Terrace drainage works
- Padstow Park field upgrade
- Kelso North masterplan implementation
- Canterbury Aquatic Centre design and construction

F3-1 Events occurring after the reporting date

Council is unaware of any material or significant 'non-adjusting events' that should be disclosed.

F4 Changes from prior year statements

F4-1 Correction of errors

Leased asset

At 30 June 2022 Council recognised a contract liability for the lease income of a land asset. Council has assessed this as a finance lease in the current year. The error has been corrected by restating accumulated surplus at 30 June 2021 for the derecognition of the asset and to recognise the net investment in the lease. Accumulated surplus has been restated for the lease income recognised at 30 June 2022.

	2022 '000s	2021 '000s
Net carrying amount IPP&E	(15,313)	(13,316)
Net investment in finance lease	0	12,871
Contract liabilities	(12,741)	0

The errors identified above have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2021) and taking the adjustment through to accumulated surplus at that date. Comparatives have been changed to reflect the correction of errors. The impact on each line item is shown in the tables below.

Changes to the opening Statement of Financial Position at 1 July 2021

Statement of Financial Position

	Original Balance 1 July, 2021 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 1 July, 2021 \$ '000
Receivables	28,926	12,871	41,797
Total current assets	189,963	12,871	202,834
Infrastructure, property, plant and equipment	3,625,562	(13,316)	3,612,246
Total non-current assets	3,857,294	(13,316)	3,843,978
Total assets	4,047,257	(445)	4,046,812
Net assets	3,933,242	(445)	3,932,797
Accumulated surplus	3,596,215	(445)	3,595,770
Total equity	3,933,242	(445)	3,932,797

Adjustments to the comparative figures for the year ended 30 June 2022

Statement of Financial Position

	Original Balance 30 June, 2022 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 30 June, 2022 \$ '000
Infrastructure, property, plant and equipment	3,984,793	(15,313)	3,969,480
Total non-current assets	4,277,682	(15,313)	4,262,369
Total assets	4,464,587	(15,313)	4,449,274
Contract liabilities	13,021	(130)	12,891
Total current liabilities	98,000	(130)	97,870
Contract liabilities	12,893	(12,611)	282
Total non-current liabilities	36,117	(12,611)	23,506

F4-1 Correction of errors (continued)

	Original Balance 30 June, 2022 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 30 June, 2022 \$ '000
Total liabilities	134,117	(12,741)	121,376
Net assets	4,330,470	(2,572)	4,327,898
Accumulated surplus	3,620,592	(575)	3,620,017
Revaluation reserves	709,878	(1,997)	707,881
Total equity	4,330,470	(2,572)	4,327,898

Income Statement

	Original Balance 30 June, 2022 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 30 June, 2022 \$ '000
Other income	6,606	(130)	6,476
Total income from continuing operations	370,870	(130)	370,740
Net operating result for the year	24,313	(130)	24,183

Statement of Comprehensive Income

	Original Balance 30 June, 2022 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 30 June, 2022 \$ '000
Net operating result for the year	24,313	(130)	24,183
Gain/(loss) on revaluation of infrastructure, property, plant and equipment	373,384	(1,997)	371,387
Total comprehensive income for the year	397,228	(2,127)	395,101

F5 Statement of developer contributions as at 30 June 2023

F5-1 Summary of developer contributions

	Opening balance at 1 July 2022 \$ '000	Contributions received during the year			Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2023 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					
225-249 Canterbury Road	4	—	—	—	—	—	—	4	—
Administration	2,781	203	—	—	70	(75)	—	2,979	—
Canterbury town centre	1,530	—	—	—	38	(476)	—	1,092	—
Community facilities	19,450	1,261	—	—	488	(559)	—	20,640	—
Environmental amenities	3,045	—	—	—	76	—	—	3,121	—
Open space	52,615	8,822	—	—	1,321	(6,740)	—	56,018	—
Other	116	—	—	—	3	(28)	—	91	—
Parking	1,676	—	—	—	42	—	—	1,718	—
Public domain	2,123	1,236	—	—	53	(29)	—	3,383	—
Roads	1,533	504	—	—	39	(54)	—	2,022	—
Traffic facilities	429	—	—	—	11	(21)	—	419	—
S7.11 contributions – under a plan	85,302	12,026	—	—	2,141	(7,982)	—	91,487	—
S7.12 levies – under a plan	38,413	4,508	—	—	964	(8,486)	—	35,399	—
Total S7.11 and S7.12 revenue under plans	123,715	16,534	—	—	3,105	(16,468)	—	126,886	—
S7.4 planning agreements	1,431	1,915	—	—	—	(1,915)	—	1,431	—
Total contributions	125,146	18,449	—	—	3,105	(18,383)	—	128,317	—

Under the *Environmental Planning and Assessment Act 1979*, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas. It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

F5-2 Developer contributions by plan

	Opening balance at 1 July 2022 \$ '000	Contributions received during the year			Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2023 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					
CANTERBURY DEVELOPMENT CONTRIBUTIONS PLAN 2013									
225-249 Canterbury Road	4	—	—	—	—	—	—	4	—
Administration	2,667	121	—	—	67	(75)	—	2,780	—
Community facilities	18,502	429	—	—	464	(418)	—	18,977	—
Environmental amenities	3,045	—	—	—	76	—	—	3,121	—
Open space	50,114	4,271	—	—	1,258	(5,768)	—	49,875	—
Other	116	—	—	—	3	(28)	—	91	—
Parking	1,676	—	—	—	42	—	—	1,718	—
Traffic facilities	429	—	—	—	11	(21)	—	419	—
Total	76,553	4,821	—	—	1,921	(6,310)	—	76,985	—
CANTERBURY TOWN CENTRE AND RIVERFRONT PRECINCT DEVELOPMENT CONTRIBUTIONS PLAN									
Canterbury town centre	1,530	—	—	—	38	(476)	—	1,092	—
Total	1,530	—	—	—	38	(476)	—	1,092	—
BANKSTOWN DEVELOPMENT CONTRIBUTIONS PLAN 2019									
Administration	114	37	—	—	3	—	—	154	—
Community facilities	948	307	—	—	24	(141)	—	1,138	—
Open space	2,501	2,629	—	—	63	(972)	—	4,221	—
Public domain	2,123	692	—	—	53	(29)	—	2,839	—
Roads and active transport	1,533	504	—	—	39	(54)	—	2,022	—
Total	7,219	4,169	—	—	182	(1,196)	—	10,374	—
Canterbury Bankstown Local Infrastructure Contribution Plan 2022									
Administration	—	45	—	—	—	—	—	45	—
Community facilities	—	525	—	—	—	—	—	525	—
Open space	—	1,922	—	—	—	—	—	1,922	—
Public domain	—	544	—	—	—	—	—	544	—
Total	—	3,036	—	—	—	—	—	3,036	—

F5-2 Developer contributions by plan (continued)

S7.12 Levies – under a plan

	Opening balance at 1 July 2022 \$ '000	Contributions received during the year			Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2023 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					
Bankstown development contributions plan 2019	3,366	2,294	–	–	84	–	–	5,744	–
Canterbury development contributions plan 2013	5,566	753	–	–	140	(613)	–	5,846	–
CB Local Infrastructure Contribution Plan 2022	–	1,065	–	–	–	–	–	1,065	–
Section 94A development contributions plan - Bankstown	29,481	396	–	–	740	(7,873)	–	22,744	–
Total	38,413	4,508	–	–	964	(8,486)	–	35,399	–

F5-3 S7.4 planning agreements

Planning agreements	1,120	1,915	–	–	–	(1,915)	–	1,120	–
Planning agreements – parking	311	–	–	–	–	–	–	311	–
Total	1,431	1,915	–	–	–	(1,915)	–	1,431	–

F6 Statement of performance measures

F6-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2023	Indicator 2023	Indicators 20222021		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1, 2}	(8,155)	(2.20)%	(0.85)%	(5.41)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	370,265				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	330,342	81.35%	82.14%	81.79%	> 60.00%
Total continuing operating revenue ¹	406,076				
3. Unrestricted current ratio					
Current assets less all external restrictions	146,296	3.50x	3.04x	3.50x	> 1.50x
Current liabilities less specific purpose liabilities	41,832				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	81,179	157.02x	722.60x	84.78x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	517				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	18,522	6.36%	6.20%	6.29%	< 5.00%
Rates and annual charges collectable	291,299				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	384,964	16.26 months	16.21 months	14.53 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	23,681				

(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets and net share of interests in joint ventures and associates using the equity method and includes pensioner rate subsidies

(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

End of the audited financial statements



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Canterbury - Bankstown Council

To the Councillors of Canterbury - Bankstown Council

Opinion

I have audited the accompanying financial statements of Canterbury - Bankstown Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2023, the Statement of Financial Position as at 30 June 2023, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been prepared, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2023, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other Information

The Council's annual report for the year ended 30 June 2023 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Special Schedules (the Schedules).

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the Special Schedule - Permissible income for general rates.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the *Local Government Act 1993*, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note B5-1 'Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Karen Taylor
Delegate of the Auditor-General for New South Wales

30 October 2023
SYDNEY



Mayor
Canterbury Bankstown Council
PO Box 8
BANKSTOWN NSW 1885

Contact: Karen Taylor
Phone no: 02 9275 7311
Our ref: R008-16585809-46358/1708

30 October 2023

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2023
Canterbury Bankstown Council**

I have audited the general purpose financial statements (GPFS) of the Canterbury Bankstown Council (the Council) for the year ended 30 June 2023 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Council's GPFS.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2023 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

INCOME STATEMENT

Operating result

	2023	2022*	Variance
	\$m	\$m	%
Rates and annual charges revenue	271.6	257.6	↑ 5.4
Grants and contributions revenue	75.7	66.2	↑ 14.4
Operating result from continuing operations	20.6	24.2	↓ 14.9
Net operating result before capital grants and contributions	(15.2)	(13.4)	↓ 13.4

* The 2022 comparatives have been restated to correct a prior period error (refer to Note F4-1 of the financial statements for details).

Rates and annual charges revenue (\$271.6 million) increased by 14.0 million (5.4 per cent) in 2022–23 due to rate increase of 7.8 per cent.

Grants and contributions revenue (\$75.7 million) increased by \$9.5 million (14.4 per cent) in 2022–23 due to:

- increase in grants received to assist Council to recover from the impact of natural disasters, including \$10.2 million for the Regional and Local Roads Repair Program
- receiving 97 per cent of the financial assistance grants in advance (74 per cent in 2021–22).
- \$6.6 million decrease in capital grants for other roads and bridges funding.

Council's operating result from continuing operations (\$20.6 million including depreciation, amortisation and impairment expense of \$88.8 million) was \$3.6 million lower than the 2021–22 result. This was mainly due to increased expenses \$39.5 million partially offset by an \$35.9 million increase in revenue as outlined above.

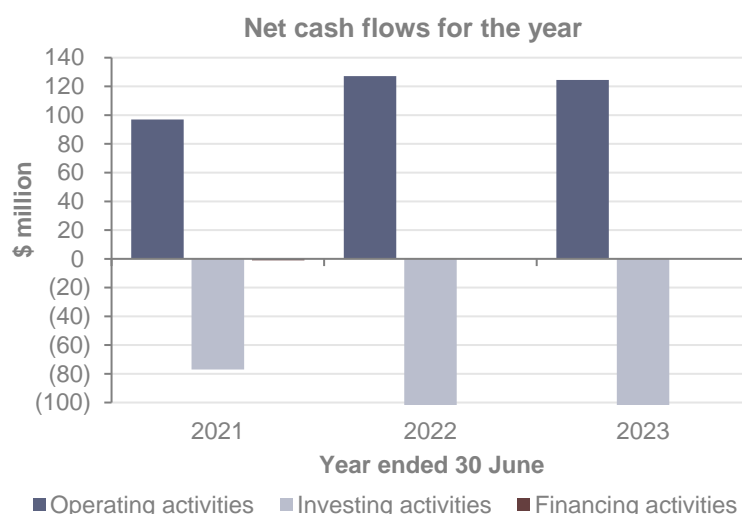
The net operating result before capital grants and contributions (deficit of \$15.2 million) increased by 1.8 million compared to the 2021–22 result.

STATEMENT OF CASH FLOWS

Cash balances decreased due to:

- higher payments to employees and suppliers offset by higher receipts of grants and contributions
- higher cash outflows from investing activities, including purchase of term deposits.

Overall cash, cash equivalents and investment balance increased to \$469 million (\$422 million)



FINANCIAL POSITION

Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	468.5	421.9	Externally restricted balances comprise mainly of developer contributions, domestic waste reserve and unspent specific grants and contributions. Internal allocations are determined by council policies or decisions, which are subject to change.
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	277.6	242.9	
• Internal allocations	185.1	157.4	

Debt

At 30 June 2023, Council had \$500,000 in unused bank overdraft facilities and \$100,000 in credit cash facilities, with \$3,000 used at 30 June 2023.

PERFORMANCE

Performance measures

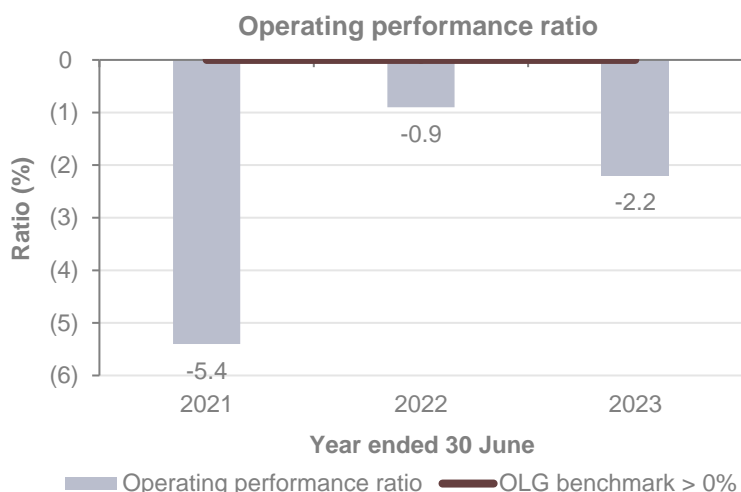
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.

Operating performance ratio

Council did not meet the benchmark for the current reporting period.

The 2022 ratio was restated to correct a prior period error.

The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

Council continues to exceed the benchmark for the current reporting period.

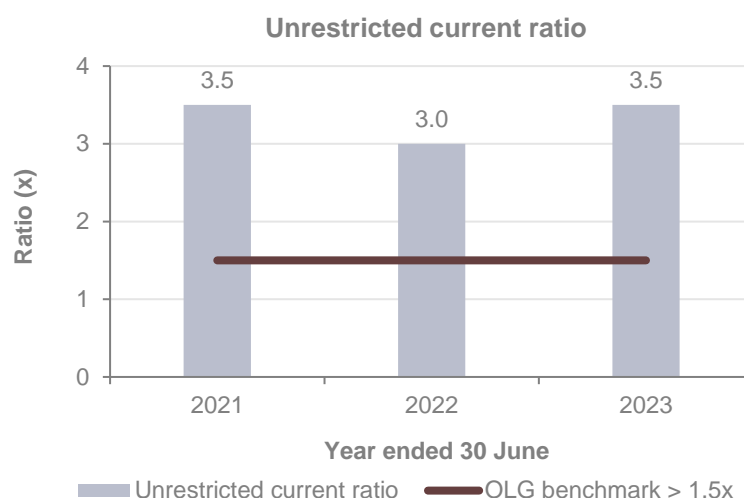
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

Council continues to exceed the benchmark for the current reporting period.

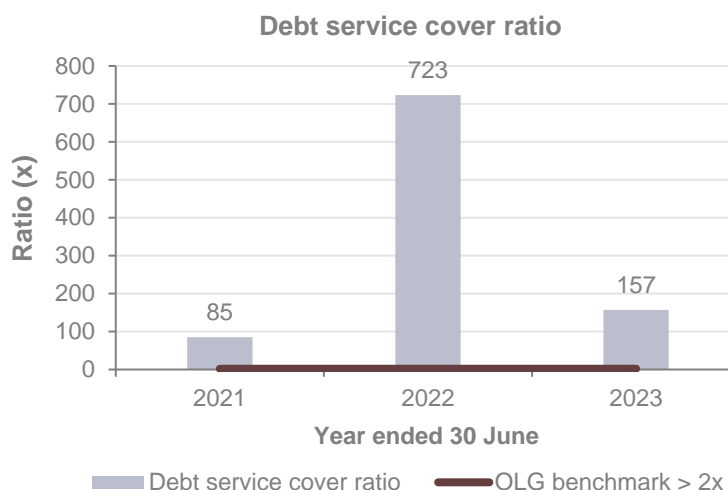
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

Council has no borrowings and only minor lease commitments, so this is not a relevant performance measure.

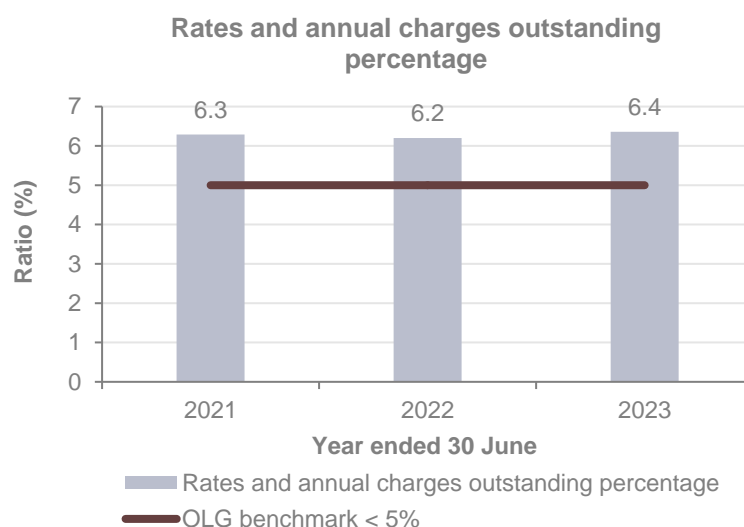
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times



Rates and annual charges outstanding percentage

Council is not meeting this benchmark.

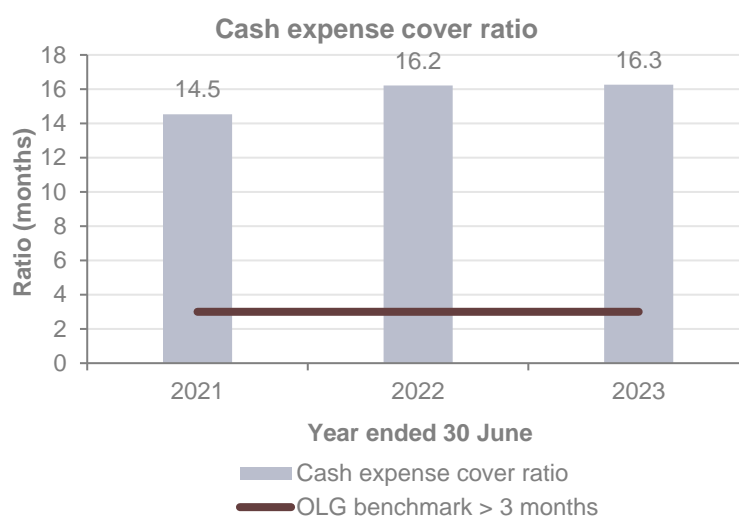
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 5 per cent for metropolitan councils.



Cash expense cover ratio

Council continues to exceed the OLG benchmark for the current financial year.

This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.



Infrastructure, property, plant and equipment renewals

Council's performance is as follows:

- asset renewals were \$48.9 million in 2022–23 (\$61.1 million in 2021–22), including \$6.3 million on road renewals
- during 2022–23 new asset additions were \$22.5 million (\$19.8 million in 2021–22).

OTHER MATTERS

Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Council's accounting records or financial statements. The Council's:

- accounting records were maintained in a manner and form to allow the GPFS to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.

Karen Taylor
Director, Financial Audit

Delegate of the Auditor-General for New South Wales



Special Schedules

for the year ended 30 June 2023



Canterbury-Bankstown Council

Special Schedules

for the year ended 30 June 2023

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Canterbury-Bankstown Council

Permissible income for general rates (Merger Councils)

		2022/23	2022/23	2022/23	2023/24	2023/24	2023/24
		Canterbury	Bankstown	Canterbury-Banks	Canterbury	Bankstown	Canterbury-Bank
	Notes	\$ '000	\$ '000	town Council	\$ '000	\$ '000	stown Council
				\$ '000			\$ '000
Notional general income calculation ¹							
Last year notional general income yield	a	75,277	103,720	178,997	80,418	111,736	192,154
Plus or minus adjustments ²	b	62	436	498	35	443	478
Notional general income	c = a + b	75,339	104,156	179,495	80,453	112,179	192,632
Permissible income calculation							
Special variation percentage ³	d	7.80%	7.80%		7.80%	7.80%	7.8%
Plus special variation amount	h = d x (c + g)	5,876	8,124	14,000	6,275	8,750	15,025
Sub-total	k = (c + g + h + i + j)	81,215	112,280	193,495	86,728	120,929	207,657
Plus (or minus) last year's carry forward total	l	(864)	(237)	(1,101)	(81)	288	207
Less valuation objections claimed in the previous year	m	(12)	(25)	(37)	2	(6)	(4)
Sub-total	n = (l + m)	(876)	(262)	(1,138)	(79)	282	203
Total permissible income	o = k + n	80,339	112,018	192,357	86,649	121,211	207,860
Less notional general income yield	p	80,418	111,736	192,154	86,504	121,354	207,858
Catch-up or (excess) result	q = o – p	(79)	283	204	146	(143)	3
Plus income lost due to valuation objections claimed	r	(2)	6	4	1	–	1
Carry forward to next year ⁴	t = q + r + s	(81)	289	208	147	(143)	4

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the Valuation of Land Act 1916.
- (3) The 'special variation percentage' is inclusive of the rate-peg percentage and where applicable, the Crown land adjustment.
- (4) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the *Local Government Act 1993*. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Canterbury - Bankstown Council

To the Councillors of Canterbury - Bankstown Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Canterbury - Bankstown Council (the Council) for the year ending 30 June 2024.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting 2022–23 (LG Code) and is in accordance with the books and records of the Council.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Schedule' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to the special purpose framework used to prepare the Schedule. The Schedule has been prepared for the purpose of fulfilling the Council's reporting obligations under the LG Code. As a result, the Schedule may not be suitable for another purpose.

Other Information

The Council's annual report for the year ended 30 June 2023 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedule 'Report on infrastructure assets as at 30 June 2023'.

My opinion on the Schedule does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements.

In connection with my audit of the Schedule, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Schedule or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

The Councillors are responsible for the preparation of the Schedule in accordance with the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

In preparing the Schedule, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

- obtain reasonable assurance whether the Schedule as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the Schedule.

A description of my responsibilities for the audit of the Schedule is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar8.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited Schedule on any website where it may be presented
- about any other information which may have been hyperlinked to/from the Schedule.



Karen Taylor
Delegate of the Auditor-General for New South Wales

30 October 2023
SYDNEY

Canterbury-Bankstown Council

Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2022/23 Required maintenance ^a	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Buildings	6,109	6,109	11,191	12,254	362,231	785,016	2.7%	12.7%	81.5%	3.1%	0.0%
	Sub-total	6,109	6,109	11,191	12,254	362,231	785,016	2.7%	12.7%	81.5%	3.1%	0.0%
Roads	Roads	73,080	73,080	11,183	8,993	986,157	1,611,065	4.6%	31.5%	48.6%	12.3%	3.0%
	Bridges	390	390	758	57	52,593	75,812	14.5%	43.1%	40.3%	2.1%	0.0%
	Footpaths	704	704	5,788	14,474	231,953	385,835	5.3%	24.1%	70.0%	0.5%	0.1%
	Other road assets (incl. bulk earth works)	294	294	7,401	4,652	703,818	709,340	30.5%	41.5%	24.4%	2.1%	1.5%
	Sub-total	74,468	74,468	25,130	28,176	1,974,521	2,782,052	11.6%	33.4%	45.2%	7.8%	2.0%
Stormwater drainage	Stormwater drainage	15,826	15,826	2,119	2,342	514,401	917,912	4.1%	23.7%	65.7%	5.8%	0.7%
	Sub-total	15,826	15,826	2,119	2,342	514,401	917,912	4.1%	23.7%	65.7%	5.8%	0.7%
Open space / recreational assets	Other recreational assets	6,375	6,375	11,591	10,622	132,375	210,095	24.1%	37.9%	27.1%	9.8%	1.2%
	Sub-total	6,375	6,375	11,591	10,622	132,375	210,095	24.1%	37.9%	27.1%	9.8%	1.1%
Total – all assets		117,102	117,102	50,891	53,701	3,034,578	4,809,123	9.2%	27.8%	53.9%	7.6%	1.5%

(a) Required maintenance is the amount identified in Council's asset management plans.

Infrastructure asset condition assessment 'key'

#	Condition	Integrated planning and reporting (IP&R) description
1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

Canterbury-Bankstown Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2023	Indicator 2023	Indicators 2022 2021		Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals ¹	43,504	55.92%	78.19%	77.54%	> 100.00%
Depreciation, amortisation and impairment	77,798				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	117,102	3.77%	2.22%	1.86%	< 2.00%
Net carrying amount of infrastructure assets	3,106,820				
Asset maintenance ratio					
Actual asset maintenance	53,701	105.52%	85.54%	89.19%	> 100.00%
Required asset maintenance	50,891				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	117,102	2.43%	1.50%	1.31%	
Gross replacement cost	4,809,123				

(*) All asset performance indicators are calculated using classes identified in the previous table.

(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.